



The Bell Policy Center

Research • Advocacy • Opportunity

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Success from the session

State takes step forward, gains funds with upgrade of unemployment system

In the depths of one of the worst economic downturns in our history, unemployed Coloradans will receive a major boost through legislation that modernizes, reforms and strengthens Colorado's Unemployment Insurance System. By adopting Senate Bill 247, Colorado is positioned to receive more than \$127 million in federal stimulus funds.

The bill creates an alternative base period that allows workers to use their recent earnings to qualify for unemployment insurance benefits. This change helps many low-wage workers receive unemployment benefits when they are laid off and need the money, rather than waiting up to almost six months to become eligible. This is projected to help 1,800 workers receive unemployment benefits in fiscal year 2009-10. Nationally, the average wage of workers who benefit from the alternative base period is about \$9 per hour.

Rich Jones, director of policy and research at the Bell, testified before both Senate and House committees and produced an *Opportunity Note* in favor of the bill.

Of the many who will benefit from the bill, “most are low-wage workers who are living paycheck to paycheck. Quickly receiving unemployment benefits may mean the difference between economic self-sufficiency and poverty,” said Jones.

“This bill isn't just a win-win, it is a triple-win,” Jones said. “Workers win by receiving unemployment benefits to help them pay bills, businesses and the economy win when workers buy goods and services with their benefits, and the Unemployment Insurance Trust Fund wins by the infusion of \$127 million in federal funds.”

The bill also makes minor changes to Colorado's laws relating to workers who are forced to leave a job due to their own illness or disability or that of a family member or because of domestic violence. It expands benefits currently available to workers who leave a job to follow a spouse in the military to any worker whose

spouse changes employment location, making commuting impractical. These provisions are projected to expand unemployment benefits to an additional 465 workers in fiscal year 2009-10.

It also provides additional unemployment benefits to workers enrolled in approved training programs, so they can prepare to work in high-demand occupations and the renewable energy sector. The training will help workers qualify for better paying and more stable jobs. The training provisions apply for three years ending in fiscal year 2011-12.

Finally, the bill allows Colorado to access federal funds to fully pay extended unemployment benefits during 2009 for those workers who have exhausted their traditional unemployment benefits and still do not have a job.

The injection of federal money significantly bolsters Colorado's Unemployment Insurance Trust Fund. Without the federal money, the trust fund balance is projected to drop to \$44 million in fiscal year 2009-10. However, with these federal funds the trust fund balance is projected to grow to \$179 million in fiscal year 2009-10. In fact, depositing \$127 million in federal funds generates almost \$8 million in interest annually for the Unemployment Insurance Trust Fund, enough to cover the projected increase in unemployment insurance benefits.

Unemployment insurance reform is often a contentious issue, pitting business against labor. But labor, business and advocates for low-wage workers all supported SB 247. This support was forged through the hard work of the bill sponsors, Sen. Lois Tochtrop and Rep. Sal Pace, the governor's office and Director Don Mares and his staff at the Colorado Department of Labor and Employment.

The broad nature of support was exemplified when Tony Gagliardi from the National Federation of Independent Businesses joined labor and advocates, including the Bell, in testifying for the bill in the House committee. for passing this important bill.