

FOR IMMEDIATE RELEASE
August 3, 2007

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**BILL SUMMARY ATTACHED

**KENNEDY: TODAY'S JOB NUMBERS DEMONSTRATE THE NEED FOR MODERNIZING
OUR UNEMPLOYMENT INSURANCE PROGRAM**

Washington, DC— Today Senator Edward M. Kennedy, Chairman of the Senate Health, Education, Labor and Pensions Committee, put out the following statement regarding today's jobs numbers that reflect a notable increase in long-term unemployment. More than 1.3 million Americans who are currently looking for work have been seeking a job for 26 weeks or more – an increase of nearly 200,000 since last month. Kennedy is the sponsor of legislation that will modernize the unemployment insurance system, S. 1871. Below is his statement:

"Today's jobs numbers show the paradox of the modern economy – while the overall picture is good, many working families are facing tremendous insecurity, struggling for months to find a good, family-supporting job. The numbers reflect that profound shifts in our national economy are leaving more and more working Americans behind. We need to focus national attention on helping these hardworking people recapture the American dream. I have recently introduced a bipartisan proposal to modernize our unemployment insurance system and I hope my colleagues will join me in supporting this important legislation."

The Unemployment Insurance Modernization Act

The Unemployment Insurance (UI) program must be reformed to address fundamental shifts in the economy. The UI system provides needed benefits to millions of U.S. workers each year. But the system needs to be updated to better assist today's more highly mobile workforce and long-term unemployed workers left behind by declining industries. Today, many unemployed workers do not qualify for benefits because their most recent work is not taken into account. Others exhaust their benefits before finding work, joining 1.1 million long-term unemployed workers and an additional 1.5 million discouraged job-seekers struggling to get by. For these reasons, only 35% of unemployed workers currently collect unemployment benefits.

The UI Modernization Act uses \$7 billion in incentive payments to encourage states to update their UI systems. The bill rewards states for: (1) removing barriers that block coverage for low-wage and part-time workers; (2) ensuring a more family-friendly UI system; and (3) helping dislocated workers increase their skills. It also provides \$500 million in funding to states to improve the administration of their unemployment compensation systems. The incentive and administrative payments are both fully paid for from the UI trust fund and through an extension of the existing FUTA surtax (assumed in the President's budget).

The UI Modernization Act would give states the resources and flexibility they need to pass important reforms. Each state would have a chance to receive a share of the \$7 billion set aside for incentive payments. To receive one-third of its allotted funds, a state must adopt an "alternative base period" allowing workers to meet eligibility requirements by counting their most recent wages. This makes the system — which has traditionally relied on wage data that is up to six months old — more accurate and helps workers who have recently satisfied earnings requirements to collect the benefits they deserve. States that have already adopted such a system would also receive these incentive payments.

States that adopt or have adopted two of the following reforms benefiting workers will receive the additional two-thirds of their share of funds:

- **Family-related needs:** Providing unemployment compensation for workers who have voluntarily left their jobs due to the illness or disability of an immediate family member, the relocation of a spouse for employment, or domestic violence.
- **Job training:** Providing training benefits to unemployed workers laid off from a “declining” occupation who are enrolled in a state-approved training program for entry into a high-demand occupation.
- **Part-time work:** Providing unemployment compensation benefits to individuals seeking part-time work.
- **Uniform 26 weeks:** Raising maximum compensation caps so that all long-term unemployed workers can receive a full 26 weeks of benefits.
- **Child Assistance:** Paying unemployed workers at least an extra \$15 per week for each of the worker’s dependents.

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