

**WOMEN'S
POLICY
GROUP**

*Focus
Series*

Stimulus Offers Boost for Economy and Hope for Unemployed

Georgia's unemployment rate reached 8.6% last month – a new record high, leaving 413,000 Georgians unemployed and looking for work. First time claims for unemployment rose over 80% last year statewide, while Dalton, Brunswick and Rome saw increases of twice that amount. Despite the need, fewer than half of unemployed Georgians are receiving unemployment insurance. Outdated barriers interfere with the ability of low wage, part time and working women to receive unemployment insurance that is desperately needed to keep them connected to work and help stabilize the economy.

Growing Unemployment Hits Women Hard

Women constitute nearly half of the American workforce and most women, even women with pre-schoolers and infants, work outside the home. Since September 2008, women's unemployment rate has risen faster than men's, as unemployment spread from construction and manufacturing to women-dominated retail and service sectors of the economy. As most states face massive budget shortfalls, unemployment is spreading rapidly in the public sector where women are heavily employed as teachers, librarians, caregivers and social workers.

Unemployment Insurance Boosts Economy

The purpose of unemployment insurance is twofold: It assists unemployed workers, who lose their jobs through no fault of their own, to remain connected to work and helps them pay the bills while they continue to look for work. Second, unemployment benefits help stabilize the economy by pumping dollars directly into the economy in payments for rent, food, groceries, gas, clothing and utilities. Every dollar in unemployment benefits boosts the economy by \$2.15 in areas hurt by the recession.

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Federal Stimulus Dollars Reduce Pressure on Unemployment Trust Fund

The Federal Stimulus Package signed into law in February 2009 contains numerous provisions aimed at boosting the economy by expanding access to unemployment benefits and increasing the size of those benefits.

- Federal funds increase benefits \$25 per week.
- Federal income tax temporarily suspended on the first \$2,400 in unemployment benefits.
- Georgia will receive \$73.5 M in the UI Trust Fund for enacting the alternative base period.
- Georgia can get another \$147 million by enacting two simple provisions that remove outdated barriers.

Part-time workers pay into the system now, but are barred from receiving unemployment if they try to replace their part-time job with another part-time job. More than 70% of part time workers are women trying to juggle the demands of work and family. The cost of this provision was estimated to be one-third of 1% of Georgia's annual payout for unemployment benefits in 2002.

Retraining benefits are available for workers who need new skills to move from a declining industry to one that is expanding.

The federal funds received by Georgia would cover the costs of these changes for over 18 years and reduce the pressure to increase taxes on employers now, while demand on the Trust Fund is high.

- As a high unemployment state, Georgia can opt to accept 100% federal funds temporarily for 41,000 workers exhausting benefits to receive 13-20 weeks **extended benefits**.

These small changes will help unemployed families, and the infusion of federal dollars will reduce the need to increase unemployment taxes.

Women's Policy Group

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