



House Bill 317 and Senate Bill 171 Would Slash Unemployment Insurance and Leave Us Unprepared to Weather Next Recession

Unemployment Insurance Works for Kentuckians Between Jobs

- Unemployment insurance (UI) is a partial income replacement for workers laid off through no fault of their own. It is paid for by a tax on employers that averages 0.59 percent of total wages.
- Currently, only 1 in 5 unemployed Kentuckians receive UI claims and it replaces, on average, just 44% of their lost wages— \$340.22 per week (the U.S. average is \$346.88).
- Unemployed Kentuckians can draw on these claims for 26 weeks (like all but a handful of states), but only 33 percent of UI claimants ever do for that long (the U.S. average is 36 percent).
- The average duration of benefits in Kentucky is 18.9 weeks, which is higher than the national average. But that makes sense as Kentucky's unemployment rate is 9th highest in the country, and though jobs are slowly recovering in the state as a whole, there are 8 percent fewer jobs in rural counties now than there were in 2007.
- In other words, Kentuckians are using unemployment insurance as it was intended – as short-term financial float in between job opportunities. It allows Kentuckians to pay for their basic needs while they find a good fit for their education and experience, which is better for the worker, their family, their community and our commonwealth.

These legislative proposals would cut unemployment insurance in four ways:

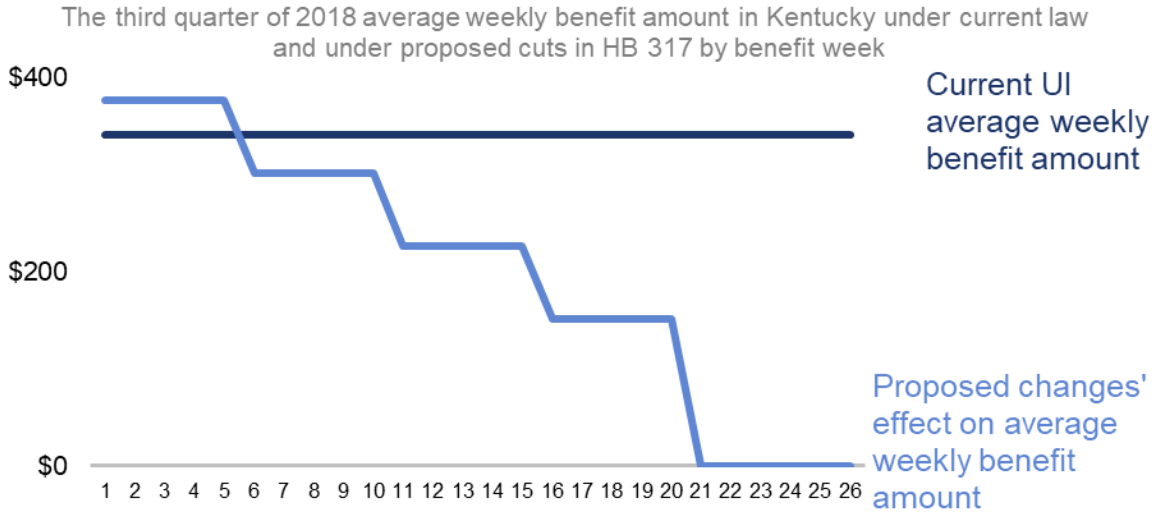
- It cuts the calculation for how a claimant's benefits are determined by 11.5 percent.
- It cuts the number of weeks a claimant could use UI benefits from 26 weeks (the national standard) to 20 weeks.
- It phases down benefits the longer a claimant uses them:
 - Benefits would start at 125 percent of the calculated benefit for the first 5 weeks,
 - 100 percent of the calculated benefit for the second 5 weeks
 - 75 percent of the calculated benefit for the third 5 weeks
 - 50 percent of the calculated benefit for the final 5 weeks
- It slows the growth of the maximum benefit amount by tying it to lower funding levels of Kentucky's UI trust fund balance.

Cumulatively, **these cuts amount to a 20 percent cut for the average claimant.** For a claimant using the maximum number of week it amounts to a 40 percent cut.

When a company lays them off, Kentucky workers want to find a new job. Unemployment insurance provides a lifeline while workers seek a new job in their career field, which is good for them, good for employers and good for the economy as a whole. These cuts also leave the state and communities dangerously underprepared for the next recession and for local downturns like what happened in the coal industry over the last decade, making recessions deeper and more painful.

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Proposed Unemployment Insurance Bill Dramatically Cuts Weekly Benefits

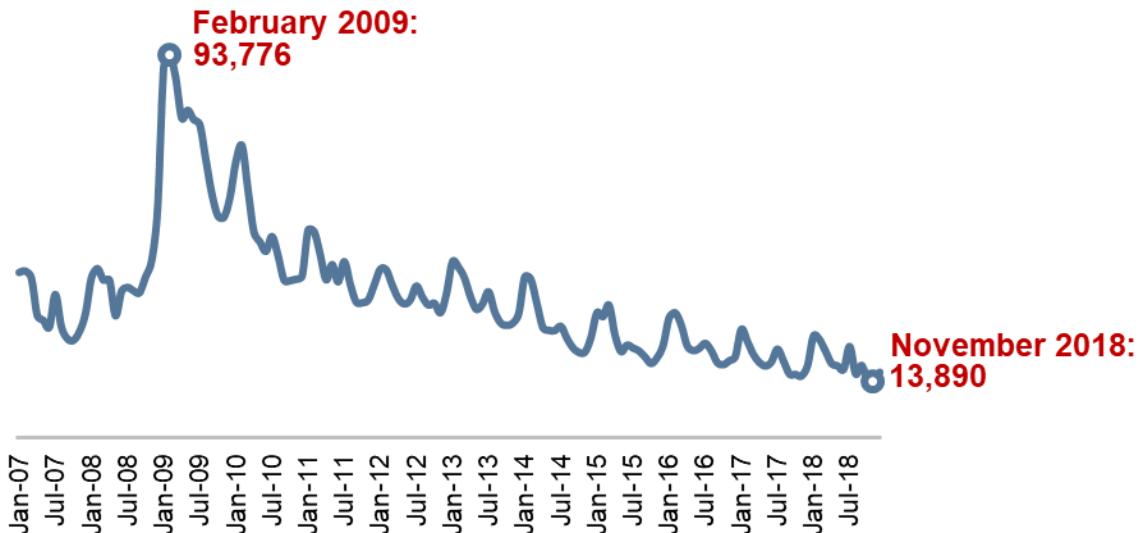


Source: KCEP analysis of U.S. Department of Labor data and HB 317.

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Kentuckians Claiming Unemployment Insurance at its Lowest Point Since Before the Great Recession

Total monthly unemployment insurance claimants in Kentucky from January 2007 to December 2018



Source: U.S. Department of Labor.

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