

# 2024 Kentucky General Assembly

## MODERNIZE UNEMPLOYMENT INSURANCE

### *Support Workforce Participation*

#### **OPPORTUNITY TO IMPROVE THE BUSINESS CLIMATE**

Kentucky ranks 48th in the country for workforce participation rates. We must enact policies which encourage more Kentuckians to actively participate in our workforce to move our economy ahead. Our workforce plummeted during the pandemic and the economic shutdown, resulting in 112,000 Kentuckians leaving the workforce. As of July 2021, the workforce has remained 90,000 workers below pre-pandemic employment levels.

Reemployment efforts must be a priority in order to maximize the NKY metro region's economic recovery.

The Kentucky General Assembly provided \$575 million to replenish the Unemployment Trust fund in FY2021, thus saving Kentucky businesses from large tax increases in their unemployment insurance tax rates.

#### **APPROACH TO TACKLE THE ISSUE**

Lawmakers must fully embrace the important work of reforming Kentucky's unemployment insurance system to ensure that the system is efficient and focused on employment and workforce participation.

The NKY Chamber supports thoughtful reforms to Kentucky's unemployment insurance benefits structure to ensure that the system optimally and efficiently supports rapid re-employment and drives workforce participation. This should include evaluation of wage replacement rates and benefit duration to ensure Kentucky's UI system provides laid-off workers with the support they need but does not disincentivize benefit recipients from finding a new job.

The NKY Chamber supports efforts to refine Kentucky's work search requirements and provide those who are out of work with increased access to effective training, career counseling, and job-finding support.

#### **WHY DOES IT MATTER TO MY BUSINESS**

Businesses across the NKY metro region continue to struggle to find qualified employees to fill thousands of unfilled positions. Without a growing and competitive workforce, our economy cannot reach our full potential.

#### **WHAT WE ARE ASKING AN ELECTED OFFICIAL TO DO**

The NKY Chamber supports the use of any remaining federal pandemic funding to restore the Unemployment Insurance Trust Fund to pre-pandemic funding levels in order to mitigate the tax increases on employers brought about by the depletion of the fund and the loans.

The General Assembly must modernize the unemployment insurance system to encourage reemployment into the workforce, including updating the job search requirements and evaluating benefit amounts and duration to ensure the system optimally supports effective reemployment.

Lawmakers should consider aligning the structure of Kentucky unemployment system with economic conditions and metrics so that benefits and expectations for re-employment appropriately reflect the state of the labor market.