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## Virginia Must Accept Federal Unemployment Money

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During the General Assembly's reconvened session held on April 8, the Virginia House of Delegates rejected Gov. Timothy M. Kaine's amendment to Senate Bill 1525. The amendment would have given the Commonwealth of Virginia \$125.5 million in federal stimulus dollars to be used for unemployment insurance (UI) benefits. This rejection, almost exclusively along party lines in a 53-46 vote, was a terrible mistake and grievous loss to 300,000 unemployed citizens across the commonwealth.

Before we analyze the facts, let me say this. There are some readers who are saying to themselves right now, "Yeah, but Joe Morrissey is a liberal Democrat who supports higher taxes and greater government intervention." Those readers would be very wrong on all three counts. Not only am I pro-business and fiscally conservative, but I am the only Democrat in the entire House of Delegates who introduced legislation this past year, House Bill 1816, to limit UI benefits for seasonal employees. Accordingly, my fiscally responsible, pay-as-you-go credentials are well established.

Now let's look at what this \$125.5 million in unemployment assistance is all about. President Obama's economic stimulus package called for Virginia to receive a total of \$4.8 billion in stimulus funds. Much of this money has already been given to the commonwealth. Indeed, during the 2009 General Assembly session, Virginia became the first state in the nation to balance its budget with the assistance of economic stimulus dollars. Of the \$4.8 billion, \$125.5 million (less than 3 percent) was earmarked for those thousands of unfortunate Virginians who have lost their jobs in this terrible recession.

Sadly, the Republican-controlled House of Delegates blocked this \$125.5 million from reaching out-of-work Virginians. This action was unprecedented and indefensible. If the Virginia business community, for which I have tremendous respect, knew the facts, it would be as outraged as the governor.

Let's analyze, step by step, the House Republicans' position and the fallacies behind it. First, in rallying the Republican troops, the "R" leadership suggested the following: Any expansion of the jobless pay would be permanent -- thus costing Virginia businesses much more in the long run in the form of higher unemployment insurance taxes. This is simply not true.

The Unemployment Insurance Modernization Act (UIMA) did prohibit states from enacting a sunset provision. However, there is no prohibition or consequence if a state (i.e., Virginia) subsequently decided to change the law and remove or delete the expansion provision -- even as soon as the 2010 General Assembly session. Indeed, the Virginia Supreme Court has stated that one General Assembly session cannot bind a subsequent General Assembly session. Accordingly, this "permanency factor" was nothing more than a Republican scare tactic.

Second, the Republicans suggested that once unemployment benefits are expanded, it is impossible to contract or otherwise remove those benefits at a later date. Again, this position is false and history proves it. Consider the following: In 1979, the Virginia Employment Commission paid benefits to spouses who left their jobs in order to accompany a spouse to a new job at a different location. However, in 1979, the Virginia General Assembly passed legislation that removed this provision, thereby denying benefits to trailing spouses. Accordingly, expansion of UI benefits by the General Assembly today in no way prevents the General Assembly from removing these benefits at a later date.

Third, many Republicans opined that it was unprecedented for the federal government to tell Virginians how to spend stimulus dollars and that Congress had no business attaching strings to the stimulus funds. This argument is unfounded and nothing more than chest thumping on the eve of the 2009 elections. Attaching "conditions" or "strings" to federal stimulus dollars is nothing new -- in fact, it's become the norm.

Consider this: Virginia has already received hundreds of millions of dollars in stimulus funding with these so-called "strings" attached. We received \$750 million for road, rail, and bridge improvement; \$965 million for Medicaid; \$125 million for higher-ed; and \$365 million for K-12 education. Funny, I don't recall a single Republican complaining in this year's General Assembly session about "strings being attached" when we received these aforementioned federal stimulus dollars for these projects and programs. Accordingly, any protestation about strings or conditions being attached to UI benefits is most disingenuous.

Fourth, it has been suggested that if we turn down the \$125.5 million, then the money would go back to the U.S. Treasury. This is pure fiction. The truth is this: If Virginia doesn't accept this \$125.5 million, then the money goes straight into a pot to be divvied up between the other states -- meaning every other state has the opportunity to take our money! It is inconceivable that the Republican-controlled House would leave \$125.5 million on the table when the House just spent the entire 2009 General Assembly scrimping and pinching to save every last dollar.

Fifth, some members of the retail business community were led to believe that this is an "unfunded mandate" that would put an insurmountable burden on the unemployment insurance pool. The truth is far less draconian. Indeed, the increase on the average employer's unemployment insurance payment would be only \$2.62 per employee per year.

Further, by the year 2016, the impact would be only an additional \$4.50 per employee per year! Virginia currently provides some of the lowest unemployment benefits in the country, with employers paying an average of \$98 per worker a year for unemployment insurance, compared

to the national average of \$258. This tremendous burden referenced by some doomsayers was simply partisan rhetoric.

Sixth, many of my Republican colleagues suggested that if we turned down the stimulus money, Virginia will necessarily be relieved from borrowing money in the future. This, too, is not true. In fact, at the current pace, the trust fund will be insolvent by the first quarter of 2010. At that point, the Commonwealth of Virginia will have to borrow \$300 million from the federal government. Therefore, not only will Virginia have to borrow the \$300 million, but it also will have to pay back to the federal government the \$300 million plus interest.

As I see it, there are two options available to Virginians: Option one would allow Virginia to accept the \$125.5 million and not have to pay any of it back, whereas option two would require Virginia to borrow \$300 million and pay it all back plus interest. What do you think is the better deal for the commonwealth?

Finally, some of my Republican colleagues have suggested that for the first time in the commonwealth's history, part-time workers would be getting UI benefits. This assertion is wrong. If you carefully look at section 16.2-612, you will see that part-time workers are already eligible for UI benefits and, indeed, are already getting UI benefits.

Folks, with all due respect, acceptance of the \$125.5 million for unemployment benefits is a no-brainer. Last year, at this time, there were 47,000 people drawing unemployment insurance benefits. Today, one year later, there are approximately 98,000 people drawing UI benefits.

The situation isn't just dire -- it's critical. Unemployment in Virginia is approaching 7 percent. We have double-digit unemployment in more than 31 counties and cities, including 17.7 percent unemployment in Page County, 20.2 percent unemployment in Martinsville, and 19.3 percent unemployment in Williamsburg.

To reject \$125.5 million while 300,000 Virginians are jobless was unconscionable and fiscally irresponsible. The good news is that there is still time to correct this grave injustice. It is my sincere hope that the business community will encourage House Republicans to revisit this matter and join Gov. Kaine in his endeavors to give aid and succor to thousands of unemployed Virginian families

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