

IN Unemployment Overhaul Continues

Tim LoBianco, Associated Press

INDIANAPOLIS (AP) — Indiana workers taking voluntary buyouts will no longer be eligible for state unemployment benefits in Indiana beginning Saturday, and severance pay will be counted against unemployment payouts.

The changes are part of Indiana's plan to pay off a \$2 billion loan that the state took from the federal government to continue paying unemployment claims.

Lawmakers approved an overhaul earlier this year of how unemployment benefits are paid out and how much businesses pay in to the system. The new limits on eligibility, coupled with new premiums businesses pay, should put the state's unemployment insurance trust fund back in the black, said Huntington Republican Rep. Dan Leonard.

"You can't just continue to pay more and more and more and take in less and less and less," Leonard said.

About a decade ago, when the trust fund had a \$1.6 billion surplus, lawmakers expanded unemployment benefits and eligibility, and decreased the amount businesses paid into the fund. But by 2005, the fund was severely depleted. In 2008, the fund was bankrupt, and the state was forced to take the federal loan to cover increasing unemployment claims.

Leonard expects the loan to be paid back by 2018.

Lawmakers first passed increased taxes on Indiana businesses in 2009, to cover the costs of the loan and put the trust fund back in balance. But they reconsidered the measure this year and opted for more cuts to benefits and eligibility to ease the burden on businesses.

The changes come as Indiana and the nation continue to struggle with high unemployment. The state posted an 8.7 percent unemployment rate in August, while the national average stayed at 9.1 percent.

Opponents say the benefits are meant to tide over out-of-work residents while they retrain for new jobs, and cutting the benefits and eligibility makes it harder for them to find new work.

"What these changes do is diminish their ability to retrain for a new career and help Indiana's next economy prosper," said Indiana AFL-CIO President Nancy Guyott.

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