

# HB 3096 is bad for Oklahoma's economy

## About HB 3096

- The bill calls for the reduction in the maximum number of weeks for which individuals may receive unemployment benefits from 26 weeks to 12 weeks under certain economic circumstances.
- This reduction in the wage replacement benefit would take effect when the statewide average unemployment rate is below 5.5 percent.

## Key Takeaway

- HB 3096 would have a significant negative impact on the state's economy by reducing dollars in circulation, especially during an economic downturn. **Please vote no on HB 3096.**

## This bill is bad for business because it takes money out of the economy. It will make the next recession worse.

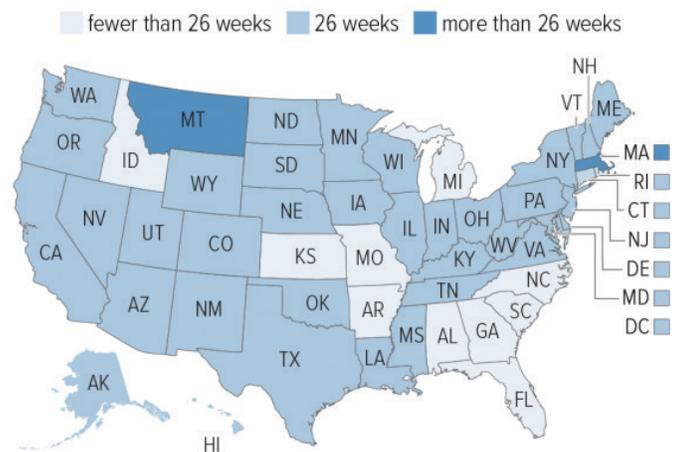
Limiting the time that someone can claim unemployment benefits would reduce dollars circulating through the state's economy. In 2019, the Oklahoma Economic Security Commission (OESC) paid \$242 million in unemployment insurance benefits. If the benefit had been capped at 12 weeks last year, OESC would have paid \$120 to \$130 million less in wage replacement benefits during what was a fairly healthy economic year for the state.

This negative impact would be especially noticeable and damaging during an economic downturn when more laid-off workers claim unemployment benefits. The reduction in paid benefits will be significantly higher at the same time that businesses are struggling with lower demand. The resulting reduction in consumer spending would extend the downturn and increase lay-offs. Unemployed people spending their benefits works to stimulate the economy during times when businesses need it the most.

## Only two other states have a maximum as low as twelve weeks

Nine states have lowered the maximum number of weeks for unemployment benefits, with only two states going as low as 12 weeks. States lowered their maximum because their Unemployment Insurance Trust Funds were in danger of going insolvent. Reducing the amount of benefits paid out helped to save their unemployment trust funds. Fortunately, Oklahoma historically has made fiscally sound policy decisions in managing our trust fund, and it is not in danger of insolvency. Given the health of our fund, reducing benefits needlessly damages our economy with no benefit to the state.

Maximum Duration of Unemployment Insurance



Note: The Virgin Islands and Puerto Rico both provide 26 weeks of regular unemployment insurance (UI).

Source: Congressional Research Service, Department of Labor