

Ga. Labor chief recommends benefit cuts

ATLANTA (AP) — Georgia's labor commissioner on Thursday said he is recommending cuts to jobless benefits in order to repay a federal loan the state took to keep its unemployment fund afloat.

The news came as officials reported that the state's unemployment rate has risen to 10.3 percent, the highest since January and up one-tenth of a percentage point from the previous month.

Mark Butler told The Associated Press that his preliminary plan to tackle the federal loan would slash weekly unemployment payments from \$330 to \$300 for top earners and reduce the number of weeks that Georgians may collect state benefits from 26 weeks to as few as 20. Under Butler's proposal, unemployed Georgians would also have to wait a week before they could begin to collect a check.

The changes would need to be approved by state lawmakers and would not affect those already col-

lecting benefits.

The state earlier this month paid \$21 million in interest on the \$721 million loan Georgia officials took out in late 2009 in order to continue to pay unemployment benefits. The state's unemployment insurance reserve — funded by employee taxes — was on the verge of going broke as the number of jobless skyrocketed in the grip of the recession. Georgia was one of a number of states to take out a federal loan to continue paying jobless benefits. Critics assailed Butler's decision to penalize the unemployed for a problem they say was created by businesses that were awarded tax holidays and breaks over the years yet failed to pay their fair share into the fund.

"This problem was caused by businesses not paying the unemployment tax for years," Alan Essig of the Georgia Budget and Policy Institute said. "It's unfair to now place the burden on backs of the unemployed who are really

still hurting."

Georgia's unemployment rate tops the national average of 9.1 percent. In September, 51,267 Georgians filed initial unemployment claims, according to state labor department data.

Another interest payment will be due next year and Georgia officials want to begin chipping away at the principal. The longer the state owes the federal government, the more the federal unemployment tax will rise on businesses in the state. Businesses pay said his aim is to pay off some \$60 million in principal this year with a goal of paying the loan off in 2015.

"There is no easy way to solve this," Butler told the AP. "

A spokeswoman for Deal said the Republican governor will work with Butler and the General Assembly next year to figure out a fix and the state would meet its requirements.

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