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HATCH STATEMENT AT FINANCE COMMITTEE HEARING EXAMINING UNEMPLOYMENT INSURANCE

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following opening statement at a committee hearing examining unemployment insurance in America:

This is a very important topic; one worthy of the Committee's attention. The fact that we're holding this hearing today is yet another reminder that, despite some scattered signs of recovery in our economy, too many Americans are unable to find jobs. Our unemployment rate is simply too high. While there are differences of opinion about how to solve this problem, we are all in agreement that Congress must do more to restore job creation and to help get the unemployment and underemployment rate down.

Today, we will have another discussion about our nation's unemployment insurance system. My hope is that we can get some answers about how our unemployment system can be reformed. Currently, the UI system is designed simply to process and distribute benefits to the unemployed. Individuals and families that face job loss deserve better than this. Ideally, the goal of a UI system would be to help unemployed workers find new jobs. Indeed, the success of the various UI programs should not be measured by the number of people receiving benefits, but by the number of people who have moved from receiving benefits into long-term employment.

Today, I hope we'll hear some ideas for making these types of changes.

It's gratifying to see that we have representatives from state workforce agencies on our panel today. I am convinced that, if we're going to see reforms to the UI system that get people back to work, those reforms will come from innovation in the states.

Over the years, unemployment insurance has essentially been a state-run program. While the federal government has provided guidelines and administrative funding, states have been given the primary responsibility of collecting unemployment taxes and distributing benefits. However, with the recent economic downturn, we've seen an expansion in the federal government's role in unemployment insurance. And, with expanded, federally-financed

benefits, states have had less flexibility to innovate and reform their individual UI programs.

This is unfortunate because, as we've seen over the years, many states have generated ideas and reforms that have drastically improved their UI systems. And, when individual states have taken action to reform their own programs, they have been able to effectively communicate their successes — and even their failures — with other states. This has led to the expansion of best practices across multiple states.

When I speak with Utah officials about their UI programs — which are, by most accounts, among the most efficient in the country — they continually express their desire to take on more responsibility in designing and implementing reforms and helping people get back to work. More than anything, state officials in Utah want to see fewer restrictions coming from the federal level and greater flexibility to innovate.

The evidence of state innovation is probably strongest in the area we're discussing today — re-employment. I'm hoping that today's panel will give us some insight into what states have been able to do in this area; which programs have worked and which one's haven't. Most of all, I'm hoping to get some clarity about what Congress can do to help states find success as they work to solve their own unemployment problems.

There are a number of UI-related issues that will have to be addressed between now and the end of the year. Once again, I am convinced that, if we want to see improvements in re-employment efforts and other areas of the UI system, the federal government's role will need to be reduced. States need to be given more flexibility to develop their own approaches and to adopt and adapt successful programs from other states.

To the extent that Congress can play a role in this area, I believe it should be getting the federal government out of the states' way. I am quite certain that, in the coming days, we'll hear very few state officials clamoring for more strings to be attached to their UI programs.

Once again, I hope to gain greater insight into these issues today, and I look forward to hearing from our panel. Thank you, Mr. Chairman.

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