

THE WALL STREET JOURNAL.

CONNECTICUT OFFERS \$1,000 HIRING BONUS FOR LONG-TERM UNEMPLOYED

The state hopes to entice people who have been on unemployment for 12 weeks or longer to rejoin the workforce

By Joseph De Avila
June 6, 2021

As states across the U.S. try to figure out ways to bring people back into the workforce, Connecticut Gov. Ned Lamont is betting on government-funded hiring bonuses to motivate workers to find a job.

The Lamont administration's program will give \$1,000 to people who have been on long-term unemployment after they get a job and hold that position for at least eight weeks. The program will give bonuses to 10,000 people and will be paid for using federal funds from the CARES Act, which was approved by Congress last year.

The bonus program launched in mid-May, and so far nearly 500 people have applied for the payment.

"We thought this would be an easy way to transition off of unemployment and move back into the working world," said Mark Boughton, commissioner of the Connecticut Department of Revenue Services, which is overseeing the bonus program.

Connecticut's approach, put in place by a Democratic governor, stands in contrast to other efforts in Republican-led states like Tennessee, South Carolina and Mississippi, where officials there have opted out of enhanced federal Covid-19 pandemic unemployment payments. Officials there say the additional weekly cash payment of \$300 – on top of normal unemployment benefits – is discouraging people from finding work and creating worker shortages.

Steven Lanza, associate professor in residence at the University of Connecticut in the department of economics, said the different approaches from Republican and Democratic governors can be viewed as a real-time experiment.

"It's a test of whose theory is right here," Mr. Lanza said.

Mr. Lanza said he gives Mr. Lamont credit for a creative attempt to get people back in the workforce, but noted that 10,000 jobs is only a fraction of the 115,700 positions the state still needs to recover to get back to pre-pandemic levels.

Connecticut's economy has struggled even before the pandemic. The state was still working on recovering all the jobs it lost from the 2007-2009 recession when the pandemic hit and widespread business closures wiped out 292,400 jobs.

Now job openings are on the rise in Connecticut as the state rolls back many of the business restrictions that were put in place during the pandemic to stop the spread of Covid-19. There were nearly 8,000 new job openings in Connecticut for the week that ended May 22,

up 17 percent from four weeks prior, according to the Connecticut Labor Department. Retail and accommodation and food services were among the industries posting the most new openings.

Some GOP-led states like Arizona are using a carrot-and-stick approach. Arizona opted out of the supplemental unemployment program and also launched its own hiring-bonus program where people can get payments of \$2,000 for finding full-time work. Other states offering bonuses include New Hampshire, Colorado and Oklahoma.

Mr. Boughton said the Lamont administration chose to continue accepting the supplemental unemployment payments, scheduled to end in September, because some people need more time to transition back to work.

"I definitely understand why some states are deciding to eliminate supplemental unemployment benefits," Mr. Boughton said. "But I think that's a little heavy-handed, and I think this way gives people a transition to jump off of one program onto another."

State Senate Republican Leader Kevin Kelly said Connecticut should have opted out of the enhanced unemployment program. Resorting to using hiring bonuses is indicative of Connecticut's broader economic troubles, he said.

"I don't believe that this is good policy or a good use of state resources," Mr. Kelly said.

Don Klepper-Smith, chief economist at research firm DataCore Partners, called the bonus program a "Band-Aid solution" for a state that has struggled economically for more than a decade.

"I think you need to put money in workforce development" rather than hiring bonuses, Mr. Klepper-Smith said.

Connecticut also recently reinstated the requirement that people collecting jobless benefits must also search for work while they are on unemployment. The work-search requirements were waived earlier in the pandemic when jobs were scarce.

Eric Gjede, vice president of government affairs with the Connecticut Business and Industry Association, said reinstating the work-search requirements will probably be more successful at getting people back into the workforce than the bonus program.

But "if all 10,000 applications have been filled, that will be great news," Mr. Gjede said.