

POLICY UPDATE:
***Responding to Unemployment and
Economic Dislocation***

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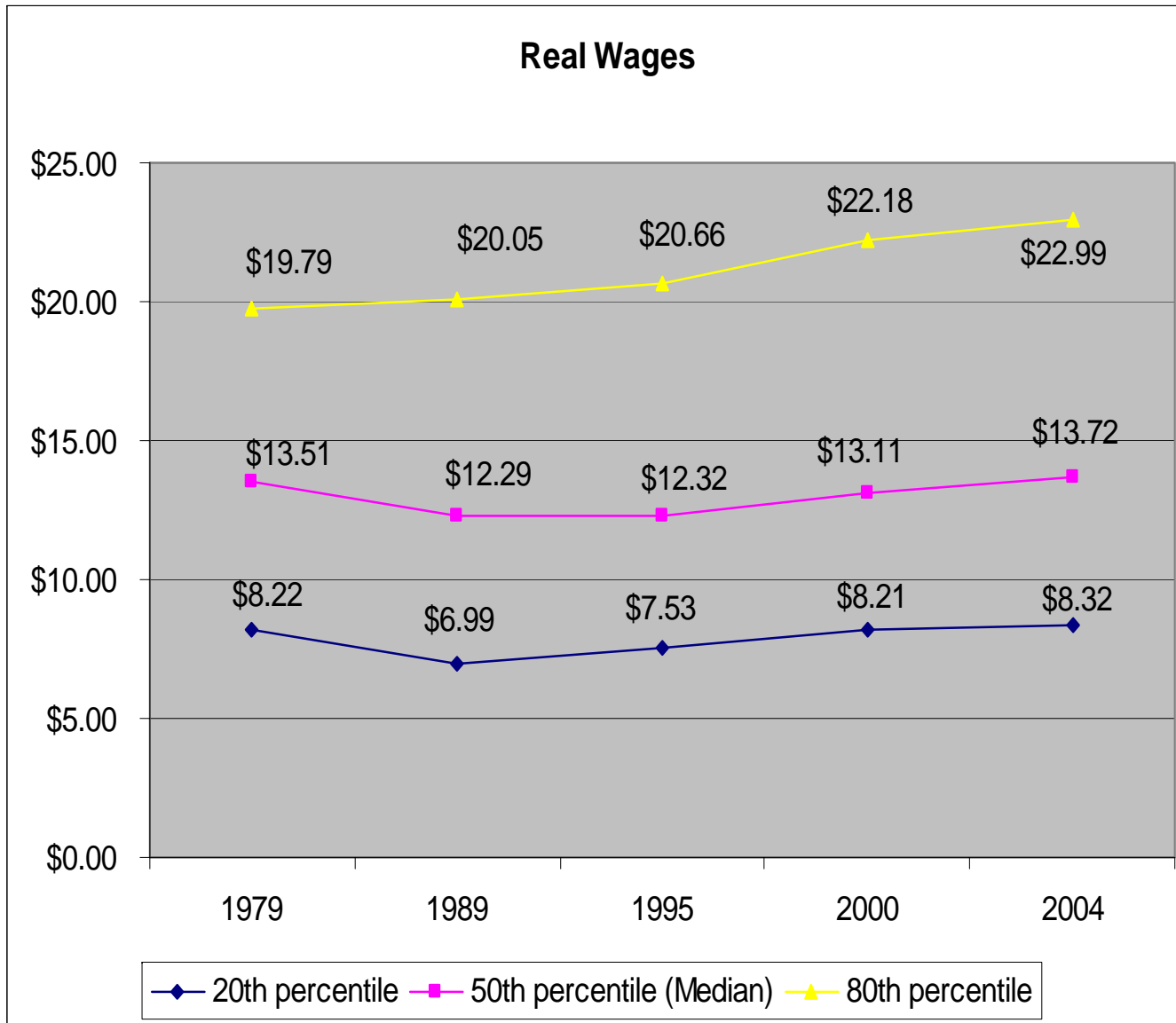


Year	Period	Labor force	Employment	Unemployment	Unemployment rate
1996	Annual	4,888,192	4,647,116	241,076	4.9
1997	Annual	4,963,077	4,748,691	214,386	4.3
1998	Annual	5,007,953	4,809,503	198,450	4.0
1999	Annual	5,089,421	4,897,144	192,277	3.8
2000	Annual	5,143,916	4,953,421	190,495	3.7
2001	Annual	5,143,869	4,876,338	267,531	5.2
2002	Annual	5,049,238	4,733,812	315,426	6.2
2003	Annual	5,054,902	4,696,338	358,564	7.1
2004	Annual	5,073,174	4,717,152	356,022	7.0
2005	Annual	5,097,457	4,753,822	343,635	6.7

Michigan Labor Market

- Labor Market
 - 6.5 percent unemployment rate this year
 - Annual Rate now up 2 percentage points since March 2001 (4.7 to 6.7 percent in 05)
 - Average monthly unemployment of 343,000 last year
- 223,700 manufacturing jobs lost between Jan. 2000 and end of 2005.

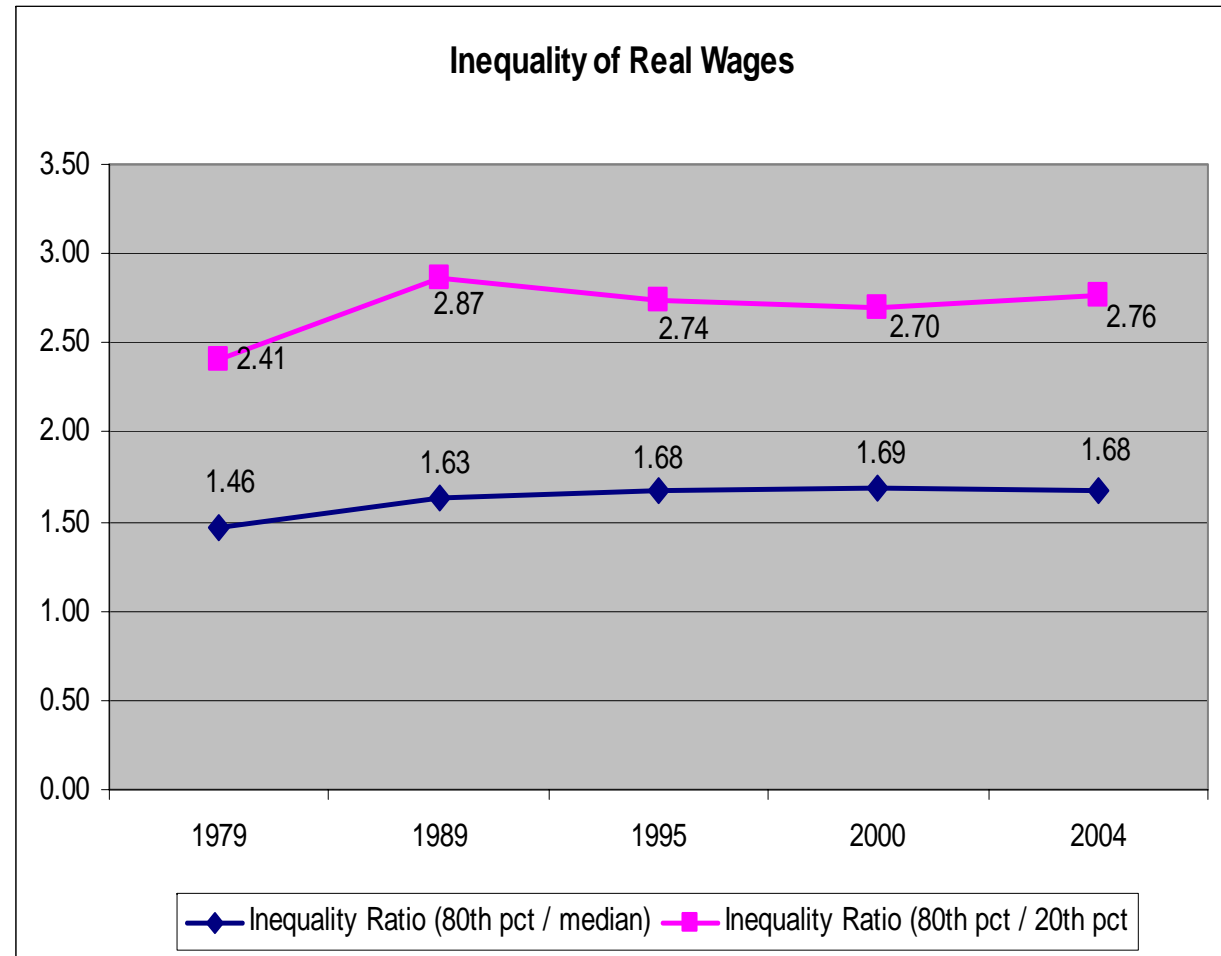
Real Wages in Michigan



- Average real wage has only grown by 10 cents from 1979 to 2004 for the bottom 20th wage percentile (2000 \$).
- Average real wage has grown by \$3.20 over same period for 80th wage percentile.

Real Wage Inequality in Michigan

- 1979: For every dollar earned by bottom 20th wage percentile, \$2.41 earned by 80th percentile.
- 2004: For every dollar earned by bottom 20th wage percentile, \$2.76 earned by 80th percentile.



Dislocation: At a Glance

- Job Loss is Widespread
 - 1.8 million mass layoffs in 2005
 - 9.7 percent of labor force (15.1 million individuals) experienced unemployment in 2004
 - A median spell of unemployment was 15 weeks in 2004

Dislocation: At a Glance

- USDOL Displaced Worker Survey
 - 11.4 million displaced 2001-2003 with 5.3 million of these “tenured” (over 3 years)
 - Of tenured workers, only 65% were reemployed at time of January 2004 survey
 - Of those reemployed, 57% had lower wages, and 33% had wages at least 20% or more below prior wages
 - Of the 35% not in workforce, 20% of displaced were unemployed and 15% were out of workforce at time of survey

Unemployment Insurance: Where is Michigan in 2006?

- Michigan's UI trust fund remains below desirable levels (rank 48), a persistent problem since 1970s.
- Main causes are Michigan UI tax cuts in late 90s, along with state's sour economy.
- Michigan's UI benefit levels are below accepted standards (rank 30), hurting jobless workers and state's economy.
- Part-time eligibility restrictions hurt low-wage and women workers.

Michigan UI: Steps Toward Stronger Safety Net

- Raise Taxable Wage Base (\$9000) and Index TWB to Growth in Wages
- Raise UI Benefits and Restore UI Benefit Formula
- Provide UI to Part Time Jobless Workers
- Link UI with Approved Training
- Increase Duration of Benefits for Individuals in Training in Key Occupations
- Adopt State Dislocated Worker Tax, as in MN and other states.

Trade Adjustment Assistance At a Glance

- TAA provides training and cash benefits to workers dislocated by impact of U.S. “free” trade policies.
- Core of program--TAA training and/or TRA.
 - Up to 104 weeks duration
 - Plus, potentially 26 weeks remedial education
- Alternative TAA is a wage subsidy paid to certified workers 50 or older (new in 2002).
- Health Coverage Tax Credit (HCTC) is a refundable tax credit for TRA certified workers or PBGC pension recipients (new in 2002).

Michigan TAA Overview

Year	Participants	Funds
FY 04	2772	\$8.5 M
FY 05	2777	\$8.5 M
FY 06	2005 (early Feb.)	\$9.4 M

Michigan Responds to Dislocation: An Emerging Agenda

- Stronger Safety Net, including UI and TAA
- Better Links Between Income Support and Training
- Longer Duration of UI Benefits for Individuals Training for Targeted Occupations
- Reliable Funding Sources for Dislocated Worker and UI programs
- Community Mobilization --better coordination, preparation and planning for coming job losses

Good Things That Can Happen Because Bad Things are Happening

- Stronger Safety Nets Identified as Policy Helping Low-Income AND Middle-Income Families
- Job Training and Education Gain Resources and Attention
- Communities Mobilize to Respond to Dislocations with Support from many Partners
- New Policies and Programs Emerge to Enable Us to Better Respond to Dislocations and Joblessness

For More Information

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