



States Updating Unemployment Insurance Programs, Reflecting Major Shifts in the Workforce

Despite Positive Developments, A Majority of States' Programs Still Exclude Many Low Wage, Women, and Part Time Jobless Workers

FOR IMMEDIATE RELEASE: December 8, 2004

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NEW YORK, NY—Widespread changes in the economy are forcing states to rethink how they help jobless individuals. Over the past five years, half the states adopted reforms to expand unemployment programs, bringing them more in line with shifts in the labor market that find greater numbers of women employed, expanded roles for part-time and temporary employment, and restrictions in other safety net programs for low wage working parents.

"A lot has been said and written about the changing face of employment in this country," said Andrew Stettner, a researcher with National Employment Law Project. "But people have failed to see the other side of that coin—that being unemployed today is also fundamentally different than it was 50 years ago. This means that unemployment programs must keep pace." These recent reforms have helped to reverse a trend of declining effectiveness of UI programs due to outdated rules and restrictive policies.

A new report describes positive steps made so far in state unemployment programs and the distance still left to travel in many. *Changing Workforce, Changing Economy: State Unemployment Insurance Reform Models for the 21st Century*, released this week by the National Employment Law Project, documents the positive reforms made in 26 states over the last five years. Just as importantly, it highlights the failure in many other states to address unemployment programs that don't match the realities of the labor market for many working families.

Among the report's findings of progress towards reform:

- 23 states now provide UI benefits to part-time workers on an equal or favorable basis, with 7 states adopting changes in the last five years.
- 20 states have expanded their eligibility rules to allow low-wage workers to count all of their recent earnings on their applications, with 8 states enacting this reform in the past 5 years.
- 27 states support domestic violence survivors who have been forced to leave a job because of the violence, with 17 states adopting this policy since 2000.

Changing Workforce, Changing Economy provides an overview of these and other positive reforms, including sample legislation and arguments for and against them. The report also notes that during the 2001-2003 jobs slump, less than half of all jobless individuals received benefits in 40 states. In 13 states, less than one third of jobless workers received unemployment benefits. And, unemployment benefits were often inadequate for those jobless workers who did receive them.

Because of these and other reported shortcomings, the report highlights additional progress that is needed:

- 19 states do not automatically increase the amount of their unemployment benefits to account for increases in the cost of living. Average weekly benefits were only \$262 in 2003, with six states paying average benefits of less than \$200 weekly.
- 35 states do not adjust the amount of wages subject to UI taxes as their economy grows, meaning that states on average tax only the first \$10,600 of each employee's annual wages, leaving their program's financing in dire straits when recession strikes.
- 38 states force unemployed workers to wait an extra "waiting week" before receiving unemployment benefits.

In announcing the report's release, Executive Director Bruce Herman stated, "We believe that this book furnishes a valued resource for those seeking UI programs better serving our changing workforce in the coming years. We look forward to working with our existing partners and new friends to accelerate the pace of positive reforms for unemployment programs across the country."

For a complete copy of the report, please visit: <http://www.nelp.org/docUploads/ChangingWorkforce.pdf>

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