Defending Your State UI Program – Responding to Proposals to Cut Benefits

Unemployment Insurance—
Keeping the Promise Today and Tomorrow
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10 States Made Cuts to UI 2011

- State UI trust funds insolvent
  - 28 states owe the $38B. Expected to peak at $43B in 2012.
  - Record claims-filing followed decades of irresponsible financing policies and now employers must pay up.
  - $1.1B interest payment made September 30th
  - Automatic federal tax increases start 2012

- Legislators wary of raising revenues via tax increases. Targeting benefits instead.
Cutting Benefits and Restricting Eligibility

- **Benefit Reductions:**
  - Duration (weeks) and amount

- **Eligibility Restrictions:**
  - Monetary: Qualifying wages and weeks of work
  - Non-Monetary: Conditions of separation, availability for work, and efforts to find new work
Cuts to Benefits

○ Duration
  ○ Six states reduced maximum weeks
  ○ MI, MO, and SC: 20 weeks
  ○ FL: between 12 and 23 weeks depending on unemployment rate
  ○ AR and IL: 25 weeks

○ Amount
  ○ AR: Reduced minimum and maximum; eliminated indexing
  ○ IN: Four-quarter averaging
  ○ RI: Froze maximum; two-quarter averaging
Eligibility Restrictions

- **Monetary**
  - Cuts in PA affect low-wage workers:
    1. Amount of weekly qualifying wages increased from $50 to $100 (2013); to 16 times minimum wage (2015)
      - a. Weeks of qualifying wages (“credit weeks”) increased
    2. Benefit weeks cannot exceed credit weeks (2015)
    3. Minimum benefit increased from $35 to $70 (2013)

- **Non-monetary**
  - Seasonal classification: SC: Season weeks increased to 36 (as in NC)
  - Misconduct: AR and FL: Definition expanded. Florida enacted the broadest cuts
  - Drug testing: IN and WI*: Worker “refused suitable work” if offer withdrawn following positive test result or refusal of test
Other UI Proposals in 2011

- **Drug testing:** Pass test or face disqualification (AR, FL, IA IN, KY, NC, NM, OR, SC, TN, TX and WV)
- **Community service:** Condition UI receipt on volunteer hours (AZ, FL, MA, NC, OK)
- **Suitable work:** Extended to low-pay jobs that do not match training or job histories
- Provisions inconsistent with federal UI law (Federal Unemployment Tax Act or Social Security Act)
Looking Ahead to 2012

- **Michigan:**
  - **Benefits:** Alter weekly formula (H.B. 4781)
  - **Eligibility:** Expand “seasonal” criteria; increase disqualifying reasons for separation; increase work search; and loosen criteria for “suitable work” (H.B. 4781/2)

- **Informal Proposals:**
  - **FL:** Require recipients who fail assessment enter workforce training program (Governor)
  - **GA:** Cut maximum duration and weekly amount (State Labor Commissioner)
  - **SD:** Require drug testing (State UI Advisory Council)
Chapter 1: Benefit Basics

- **26 Weeks of Benefits**
  - Explains why every state should maintain 26 weeks of UI benefits

- **Waiting Weeks**
  - Explains waiting weeks and their affect on workers

- **Weekly Benefit Formulas**
  - Explains weekly benefit formulas and how changes can reduce benefits

- **Seasonal Work**
  - Explains seasonal work laws and how they limit some workers access to benefits
Chapter 2: Challenges to UI as Earned Benefits

- **Suitable Work and Job Search Rules**
  - Explains these concepts and ways that states make them more restrictive

- **Georgia Work$ and similar programs**
  - Explains training programs that use UI benefits to fund “training” and work activities for UI claimants

- **Mandatory Community Service for UI Claimants**
  - Explains why this requirement is contrary to federal unemployment law

- **Drug Testing UI Claimants**
  - Explains issues with federal law conformity and cost associated with drug testing UI claimants
Chapter 3: Business Climate and Economic Impact

- **Business Climate and Unemployment Insurance**
  - Compares falling employer UI contribution rates with benefit recipiency and value over time
  - Puts the cost of UI in context with other employer costs such as wages and benefits
  - Puts corporate profits during this economic downturn in context with employee compensation and hiring

- **Does Unemployment Insurance Discourage Work and Increase Unemployment?**
  - Explains the latest research on the disincentive effect of UI and how advocates can frame a response to this argument
Financing and Solvency

○ Experience Rating: Myths and Realities
  ○ Briefing paper that explains:
    ○ What experience rating is in the context of state UI programs
    ○ The basics of UI financing
    ○ The types of experience rating formulas
    ○ The Experience Rating Index
    ○ Why complete experience rating is not practical
For more information:

nelp.org / unemployedworkers.org

NELP Publications:

Unraveling the UI Lifeline

Protecting Our UI Lifeline: A Toolkit for Advocates