

1

Benefits and Eligibility

In recent years, widespread state UI benefit cuts were justified as a response to a temporary UI financing crisis caused by the Great Recession. This crisis was amplified in many states by years of trust fund underfinancing. Even as unemployment has fallen and trust funds have partially recovered in recent years, no state has seriously considered reversing these benefit cuts. Indeed, some states added UI cuts in 2015 as the UI financial crisis was continuing to abate. The possibility of reversing some of these cuts or making progress on other reforms should now come forward as a priority for advocates.

At this point, we see that state cuts passed during the temporary UI financing crisis have created permanent restrictions on the generosity of state programs. For example, North Carolina, which in 2013 passed the most draconian cuts of all states, passed punitive weekly job search contact requirements in the summer of 2015. At the same time employers were relieved from some tax increases passed during the crisis. In Michigan, a partial restoration of trust fund solvency automatically triggered a return of the state's taxable wage base to \$9000 for the third quarter of 2015, eliminating a \$500 increase that was part of the state's 2011 solvency package. At the same time, a reduction in maximum available weeks of benefits from 26 to 20 weeks and other benefit restrictions included in Michigan's 2011 solvency legislation remain in place.

The negative impact of these cuts since 2011 was confirmed when UI reciprocity rates reached their lowest historic levels in 2014. This restrictive trend has continued into 2015. Fewer than 3 in 10 jobless workers received UI benefits in 2014 with the worst states paying as few as 14 weeks of available benefits to less than 2 in 10 jobless workers (McKenna, 2015). Although only a minority of states enacted extreme benefit restrictions, there is a significant risk that these states now will serve as a benchmark for future UI business climate battles in other states.

In this chapter, we survey the negative changes that have taken place under the solvency pressures created by the Great Recession with sections concerning available weeks of benefits and weekly benefit amount formulas. On the potential upside of UI debates, we offer discussion of compelling family circumstances as well as part-time availability and partial benefits. Reforms on these issues can address the needs of many low-wage workers. We cover work sharing as well.

Resources:

Claire McKenna, National Employment Law Project. "The Job Ahead: Advancing Opportunity for Unemployed Workers." (February 2015), <http://www.nelp.org/publication/the-job-ahead-advancing-opportunity-for-unemployed-workers/>.

NELP, Changing Workforce, Changing Economy: State Unemployment Insurance Reforms for the 21st Century (2004, revised 2006), http://nelp.3cdn.net/31c9039786a84cdc52_h5m6y1dsp.pdf.