

POLICY 7:

Unemployment Insurance

Why Unemployment Insurance Policy Matters. States can promote a stronger work force and healthier families by enhancing the ability of families to withstand and recover from temporary periods of unemployment. Recent trends in the U.S. economy have shown that even in times of economic recovery, job growth can be very limited, leaving many families in a continuing struggle with unemployment.³⁷ Research shows that during periods of unemployment, laid-off workers experience much higher rates of physical and emotional health problems, including substance abuse.³⁸ These problems can be detrimental to families and communities.

State unemployment insurance (UI) policy can positively affect the well-being of families and communities. Some studies indicate that temporary UI assistance not only helps families obtain basic necessities, but that more effective UI policies can allow workers the time to find subsequent employment at higher wages, with better health insurance benefits, and with longer job duration.³⁹ Research also shows that unemployment insurance has a larger economic benefit by moderately increasing consumer spending during recessions.⁴⁰

Key State Policy Measures. States can provide critical support to families struggling in an unstable labor market through the following key policies:

7.1 Eligibility of part-time workers. Many states exclude workers seeking part-time employment from eligibility for UI, although their wages are subject to UI taxes and their earnings may qualify them for benefits. These workers are for the most part parents, and primarily are women.⁴¹ To expand the family and community benefits of unemployment insurance states can modify their UI eligibility policies to include part-time workers. States may provide *full* eligibility to workers seeking part-time work, or may provide *limited* eligibility, covering only workers with restrictive health conditions or a history of part-time work.

Changes in 2007: *Policy Matters* is now using new data classifications for this measure, therefore no changes are reflected.

7.2 Consideration of applicant's most recent quarter of work. Many unemployed workers have sufficient work history to qualify for benefits, but in states that do not recognize work completed in the most recent quarter of the year, these applicants cannot receive benefits. States can adjust their eligibility policies to create an "alternate base period," (ABP) which allows recent work history to be counted toward the requirement for receiving unemployment benefits. Research indicates that six to eight percent of all UI claimants would be affected by this policy.⁴²

Changes in 2007: Illinois has enacted an alternate base period policy, effective in 2008.

7.3 Benefit levels. Once workers become eligible for benefits, assistance levels must be adequate to assist with the transition back to employment. There are several policies that can assist with this process:

- **Children's allowance.** Because families with children are more likely to be negatively affected by periods of unemployment, states can promote family well-being by enhancing UI payments to unemployed workers with children.
- **Indexed benefit levels.** States can ensure that benefit levels keep pace with inflation by indexing them to the growth of wages in the state.
- **Extended benefit triggers.** During protracted economic downturns, benefit payments sometimes expire before the economy begins to regain a sufficient number of jobs. To extend UI benefits during these times, states have an option of implementing a "trigger" policy that automatically extends unemployment benefits during periods of high unemployment, thereby providing greater access to federal funds. A key measure for extending unemployment insurance

benefits is the use of a trigger that reflects the “total unemployment rate” (TUR), i.e., the rate of unemployment among the total population, as opposed to the “insured unemployment rate,” which only measures unemployment among those eligible for unemployment insurance.⁴³

Changes in 2007: None.

Unemployment Insurance Policy Measures

Measure 7.1: Eligibility of Part-time Workers

Does the state extend unemployment benefit eligibility to workers seeking part-time work? *Table reflects policy as of 2007.*

Full	Calif., Del., Kan., Neb., N.M., Pa., S.D., Vt., Wyo.
Limited	Ark., Colo., Conn., D.C., Fla., Hawaii, Ill., Iowa, La., Maine, Mass., Minn., Mont., N.H., N.J., N.Y., N.C., Okla., R.I., Texas, Wash., Wis.
None	Ala., Alaska, Ariz., Ga., Idaho, Ind., Ky., Md., Mich., Miss., Mo., Nev., N.D., Ohio, Ore., S.C., Tenn., Utah, Va., W.Va.

Measure 7.2: Consideration of Applicant’s Most Recent Quarter of Work

Does the state extend unemployment benefit eligibility to cover an alternate base period? *An alternate base period (ABP) allows recent work history to be counted toward the requirement for receiving unemployment benefits. Table reflects policy as of 2007.*

Yes	Conn., D.C., Ga., Hawaii, Ill., Maine, Mass., Mich., N.H., N.J., N.M., N.Y., N.C., Ohio, Okla., R.I., Vt., Va., Wash., Wis.
No	Ala., Alaska, Ariz., Ark., Calif., Colo., Del., Fla., Idaho, Ind., Iowa, Kan., Ky., La., Md., Minn., Miss., Mo., Mont., Neb., Nev., N.D., Ore., Pa., S.C., S.D., Tenn., Texas, Utah, W.Va., Wyo.

Measure 7.3: Benefit Levels

Does the state ensure that families with unemployed workers have adequate resources to assist with the transition from unemployment by: 1) providing a children’s allowance; 2) indexing benefit levels; and 3) adopting extended benefit triggers? *Table reflects policy as of 2007.*

All 3 provisions	Conn., N.J., N.M., R.I.
2 of 3 provisions	Alaska, D.C., Ill., Iowa, Maine, Mass., N.C., Ohio, Ore., Pa., Vt., Wash.
1 of 3 provisions	Ark., Colo., Hawaii, Idaho, Kan., Ky., La., Md., Mich., Minn., Mont., Nev., N.H., N.D., Okla., S.C., S.D., Utah, W.Va., Wyo.
No provisions	Ala., Ariz., Calif., Del., Fla., Ga., Ind., Miss., Mo., Neb., N.Y., Tenn., Texas, Va., Wis.

Selected State Unemployment Insurance Policies

STATE	7.1		7.2		7.3	
	ELIGIBLE IF SEEKING ONLY PART-TIME WORK		ALTERNATE BASE PERIOD USED TO RECOGNIZE MOST RECENT QUARTER OF WORK		BENEFIT POLICY INCLUDES:	
			Children's Allowance	Index for State Wage Growth	TUR Extended Benefit Trigger*	
Alabama	-	-	-	-	-	-
Alaska	-	-	Yes	-	Yes	-
Arizona	-	-	-	-	-	-
Arkansas	Limited	-	-	Yes	-	-
California	Full	-	-	-	-	-
Colorado	Limited	-	-	Yes	-	-
Connecticut	Limited	Yes [a]	Yes	Yes	Yes	-
Delaware	Full	-	-	-	-	-
District of Columbia	Limited	Yes	Yes	Yes	-	-
Florida	Limited	-	-	-	-	-
Georgia	-	Yes	-	-	-	-
Hawaii	Limited	Yes	-	Yes	-	-
Idaho	-	-	-	Yes	-	-
Illinois	Limited	↑ Yes	Yes	Yes	-	-
Indiana	-	-	-	-	-	-
Iowa	Limited	-	Yes	Yes	-	-
Kansas	Full	-	-	Yes	Yes [b]	-
Kentucky	-	-	-	Yes	-	-
Louisiana	Limited	-	-	Yes	-	-
Maine	Limited	Yes	Yes	Yes	-	-
Maryland	-	-	Yes	-	-	-
Massachusetts	Limited	Yes	Yes	Yes	-	-
Michigan	-	Yes	Yes	-	-	-
Minnesota	Limited	-	-	Yes	-	-
Mississippi	-	-	-	-	-	-
Missouri	-	-	-	-	-	-
Montana	Limited	-	-	Yes	-	-
Nebraska	Full	-	-	-	-	-
Nevada	-	-	-	Yes	-	-
New Hampshire	Limited	Yes	-	-	Yes	-
New Jersey	Limited	Yes	Yes	Yes	Yes	-
New Mexico	Full	Yes	Yes	Yes	Yes	-
New York	Limited	Yes	-	-	-	-
North Carolina	Limited	Yes	-	Yes	Yes	-
North Dakota	-	-	-	Yes	-	-
Ohio	-	Yes	Yes	Yes	-	-
Oklahoma	Limited	Yes [b]	-	Yes	-	-
Oregon	-	-	-	Yes	Yes	-
Pennsylvania	Full	[c]	Yes	Yes	-	-
Rhode Island	Limited	Yes	Yes	Yes	Yes	-
South Carolina	-	-	-	Yes	-	-
South Dakota	Full	-	-	Yes	-	-
Tennessee	-	-	-	-	-	-
Texas	Limited	-	-	-	-	-
Utah	-	-	-	Yes	-	-
Vermont	Full	Yes	-	Yes	Yes	-
Virginia	-	Yes	-	-	-	-
Washington	Limited	Yes	-	Yes	Yes	-
West Virginia	-	-	-	Yes	-	-
Wisconsin	Limited	Yes	-	-	-	-
Wyoming	Full	-	-	Yes	-	-
Year Data Collected	2007	2007		2007		

*TUR = Total Unemployment Rate

Data Source:

- 7.1-2** U.S. Department of Labor, Employment and Training Administration, *Comparison of State Unemployment Insurance Laws, 2005*. Washington, D.C.: U.S. Department of Labor, 2005. Updated with unpublished data from the National Employment Law Project through personal correspondence, December 2007.
- 7.3** Andrew Stettner, Rebecca Smith, and Rick McHugh. *Changing Workforce, Changing Economy: State Unemployment Insurance Reforms for the 21st Century*. Washington, D.C.: National Employment Law Project, 2004. Updated with unpublished data from the National Employment Law Project through personal correspondence, December 2007.

Data Table Notes:

- a. Connecticut law includes a sunset for this provision in December of 2008.
- b. Oklahoma has capped funding for benefits under this provision.
- c. Although the U.S. Department of Labor lists this state as providing benefits eligibility to workers seeking part-time work, alternative interpretations of state policies by the National Employment Law Center suggest that these states do not consider these workers eligible.
- d. According to the U.S. Department of Labor, these states do not consider workers seeking part-time work as eligible for unemployment insurance benefits. However, alternate interpretations of state policy by the National Employment Law Center indicate that these states offer some limited benefits to these workers: “In 2004, Texas adopted a limited part-time benefit for those workers who are unable to work full time due to disability. Washington pays benefits to a very limited number of workers who do not work full-time, although this standard is restrictive. Rhode Island pays benefits to part-timers with good cause, by a judicial decision.” (Personal correspondence with the National Employment Law Center, October 17, 2006)
- e. Pennsylvania does allow Individuals who do not meet wage and credit week requirements due to a work-related injury, to request a re-determination using an alternate base year. This alternate base year consists of the four completed calendar quarters immediately preceding the date of the work-related injury. For the alternate base-year rules to apply, the work-related injury must be compensable under the Pennsylvania Workers’ Compensation Act.