

National UI Issues Conference

*Employer/Administrator/Worker Advocate
Roundtable*

San Diego, CA

June 19, 2015

The Labor Market: Before the Recession and Now

•December 2007

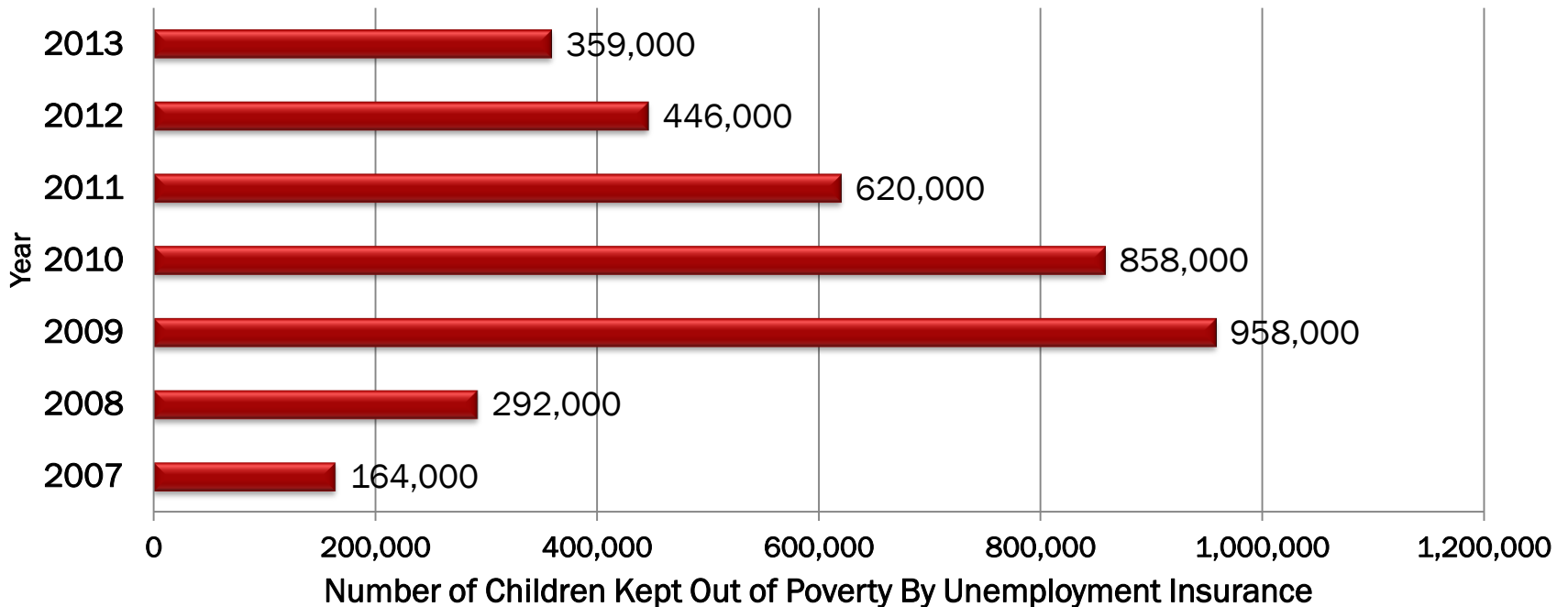
- 5.0% unemployment
- 7.7 million unemployed
- 16.6% LTU
- 1.3 million LTU
- 4.7 million involuntary p/t
- 16.6 weeks avg. duration

May 2015

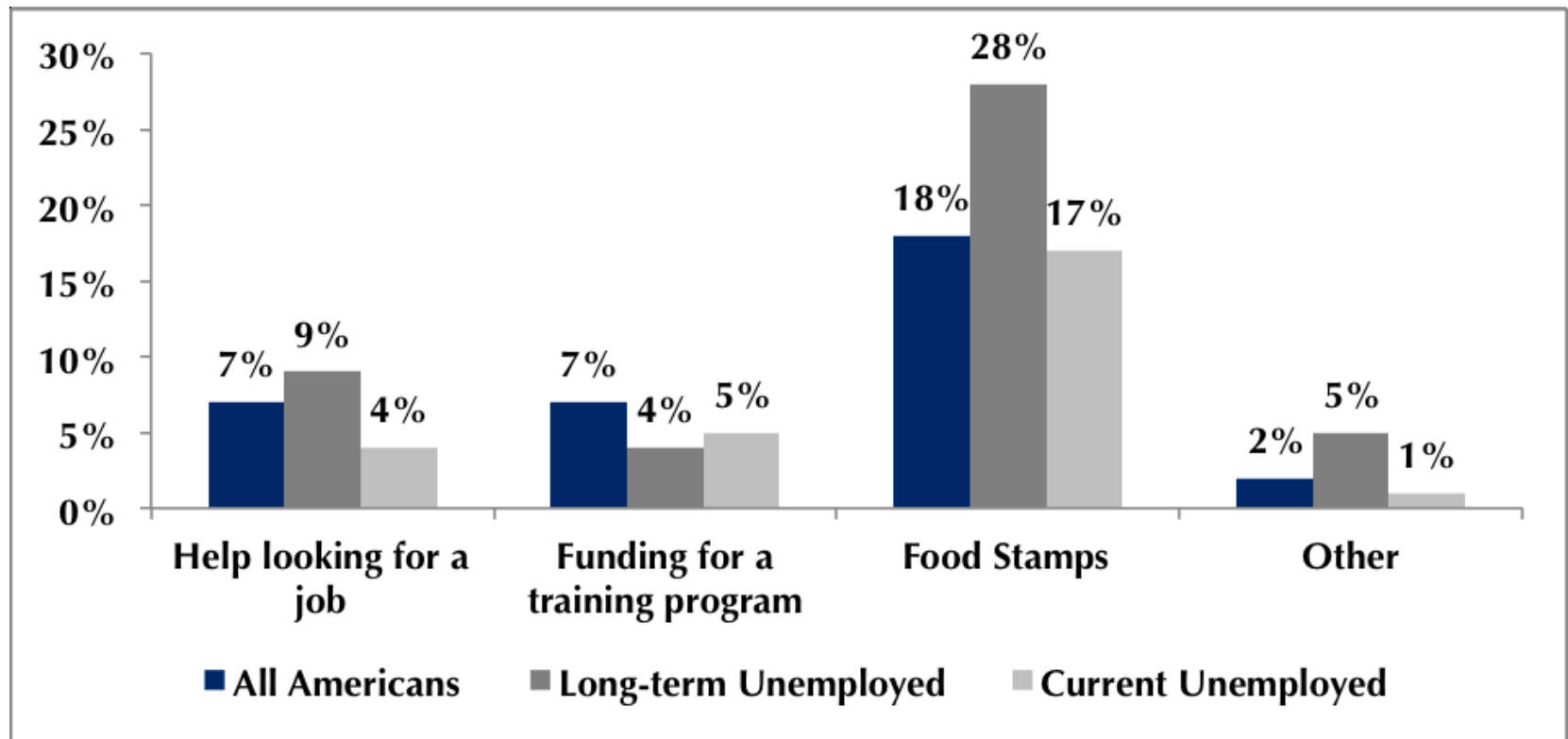
- 5.5% unemployment
- 8.7 million unemployed
- 28.6 % LTU**
- 2.5 million LTU**
- 6.7 million involuntary p/t
- 30.7 weeks avg. duration**

UI As Poverty Prevention

Unemployment Insurance Has Kept Millions of Children Out of Poverty During the Economic Downturn

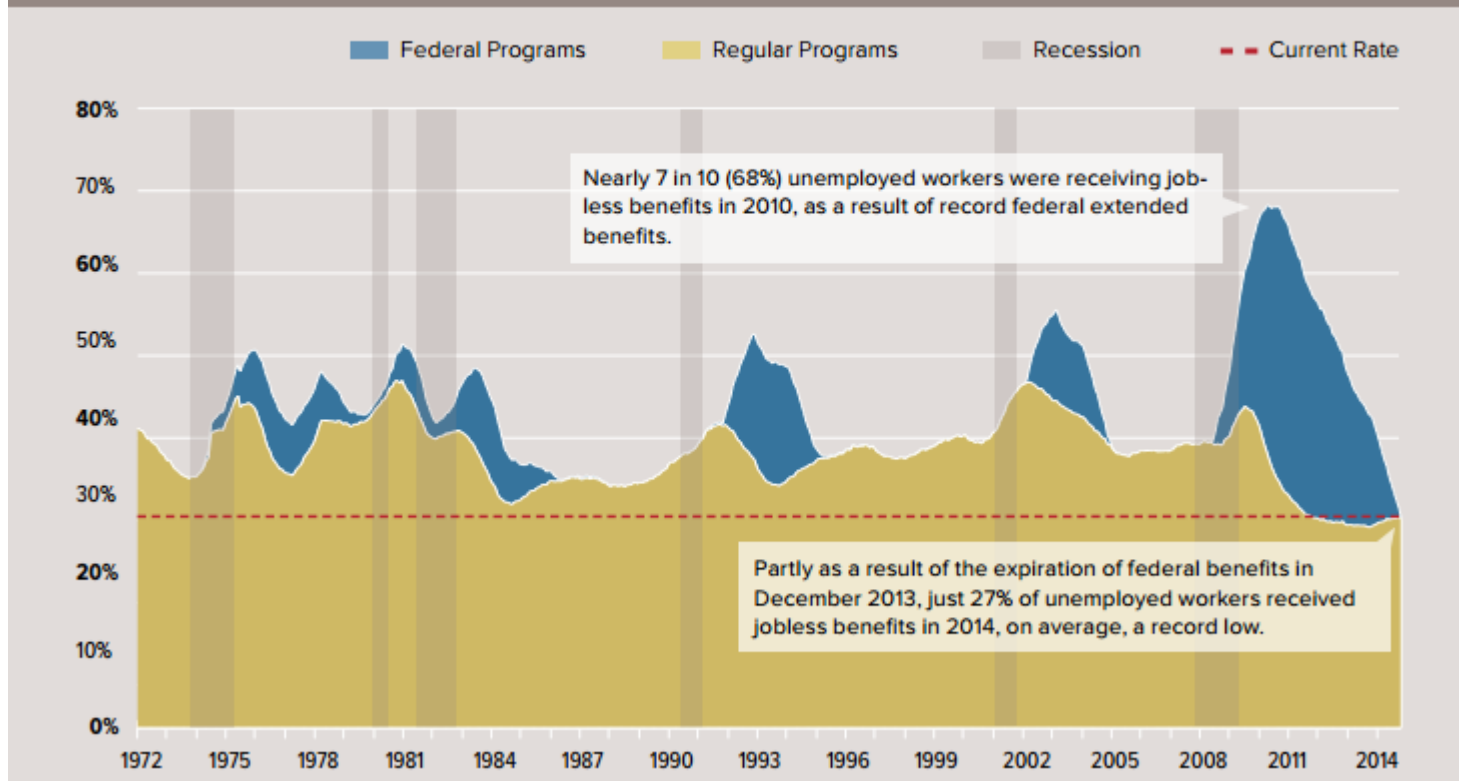


Few Unemployed Received Any Other Assistance from Government



Record low 27% of unemployed workers received UI in 2014

Figure 1: Percentage of unemployed workers receiving unemployment insurance, 12-month moving averages, January 1972 to December 2014



Preventing Long-term Unemployment

- Encourage part-time employment while claimants look for full-time jobs by amending state partial unemployment insurance rules.
- Prevent job losses during recessions by enacting work-sharing programs. To date, 29 states and the District of Columbia have enacted work-sharing laws

Part-time Work Helps Avoid the Stigma of Long-Term Unemployment



- ❖ The stigma that comes with long-term unemployment makes workers toxic. This stigma is hard to overcome.
- ❖ Even returning to work often does not fully reset the clock since they are frequently jobless again soon after they gain reemployment.
- ❖ The UI system can be a policy lever to encourage claimants to accept part-time work and avoid this stigma.

Work-sharing Is A Win-Win

- **Benefits for Employers:**

- Retain qualified workers; maintain continuity in workforce
- Avoid costs to hire/ retrain employees when business picks up.
- Increased employee morale and job security.
- UI tax consequences generally same as layoffs.

- **Employee Benefits:**

- Retention of job and economic security.
- Retention of health insurance and retirement benefits.
- Avoid financial hardship of unemployment and economic disruption associated with starting over with new employer.
- Avert psychological/emotional consequences associated with layoff.

Great Recession Triggered Major Increase in Work-Sharing Usage

- Work-sharing usage in 17 states with work-sharing programs increased by 10 times from 2007 to 2009 (10k to 110K claims weekly).
- In 2009, work-sharing claims exceeded 1% of regular UI claims in 10 states (4.1% in RI, 2.5% in KS, 1.6% in CT and MO)
- In 2009, work-sharing benefits represented 1.3% of all UI benefits paid in STC states (9.7% in RI, 3.0% in KS)
- More than half million jobs saved through work-sharing between 2008 and 2013 (CEPR)

Factors Impeding Expansion of Work-sharing in the U.S.

- Inadequate marketing & employer awareness.
- Employer misconceptions about UI costs.
- In aftermath of insolvency/federal borrowing, some state legislatures unwilling to take on any kind of “new UI initiative”.
- Some state financing provisions (excluding employers with maximum tax rates, negative balances, new employers) discourage participation from businesses that could benefit the most.
- Some state programs impose restrictions on plan extensions or time-limit employer usage.
- Rules requiring deduction of income from outside employment.
- Some state administrative procedures overly burdensome (e.g. individual worker certifications) and not fully automated.
- Some UI agencies view program as distraction from larger UI automation efforts and see federal grants as inadequate.

Promoting and Marketing Work-sharing Programs

- Key resource: USDOL work-sharing website.
- States most successful in marketing work-sharing have websites with clear explanations of the program and how to apply.
- Business interest in the work-sharing program has spiked in states where there has been well-publicized support and endorsement from the state's executive administration, especially the governor.
- Partner with business groups and economic development agencies.
- Promote work-sharing through all employer messaging, including routine UI communications.
- Promote work-sharing as a layoff-aversion tool through state's rapid-response system.
- Conduct industry research to identify employers that may derive some value from work-sharing at a future date.

Resources

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[The Job Ahead: Advancing Opportunity for Unemployed Workers](#)

NELP, February 2015

[Lessons Learned: Maximizing the Potential of Work-sharing in the United States](#), NELP, October 2014

[When Unemployment Insurance Runs Out: An Action Plan to Help America's Long-Term Unemployed](#), NELP, September 2012