

IMPROVING UNEMPLOYMENT INSURANCE IN THE SOUTH

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PROBLEM

Our unemployment insurance (UI) system is a patchwork of various state systems, some of which have been modified in recent years to intentionally make it more difficult to access benefits. Particularly in the South, state legislatures have turned to a variety of UI restrictions, including:

- dramatically reducing duration of benefits;
- narrowing the definitions of qualifying separation events;
- increasing the amount of wages workers need to earn to qualify for UI; and,
- imposing stricter, yet no more effective, work search requirements.

In addition, many states have narrowed workers' access to UI by implementing technologies that may limit accessibility of the application processes.

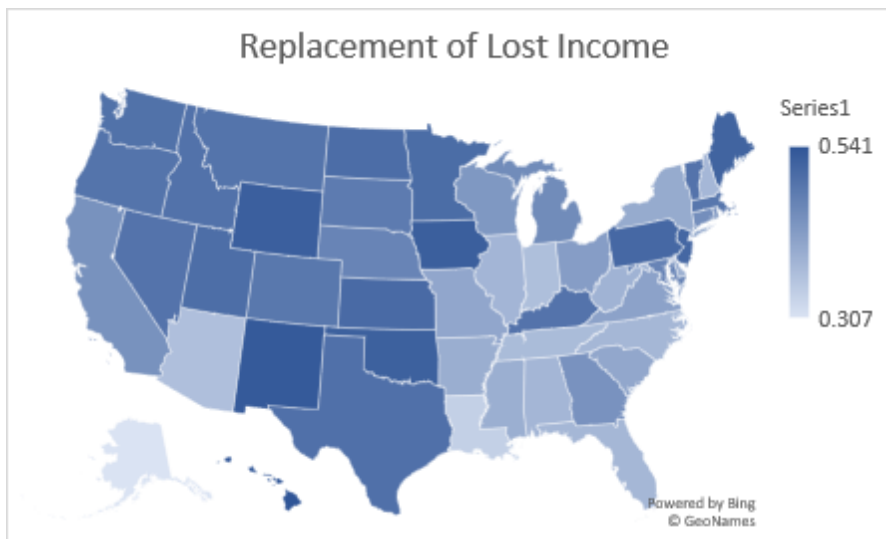
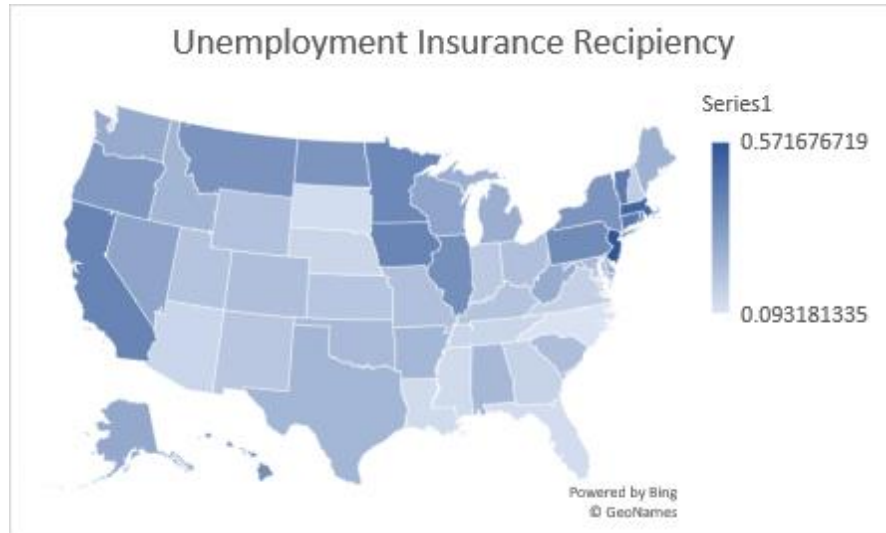
As a result, the nationwide percentage of jobless workers receiving UI in **2019** was only 27%, and as low as 9% in North Carolina. In states like Florida, Georgia, and North Carolina, where state legislatures slashed the duration of available weeks of UI far below the standard 26 weeks, the rates of unemployed workers receiving UI were below 15%, or half the national average, prior to the pandemic.

Further, the program does not provide equal and fair access to benefits. The Urban Institute found that during the Great Recession, Black workers were on average 13% less likely than white workers to receive benefits, and Latinx workers were 4% less likely.¹ Obviously, structural racism inherent in occupational segregation in the U.S. plays a role in access to UI, but it is also clear that there are additional hurdles to access disproportionately affecting workers of color that persist to this day.

During the pandemic, workers who have very little savings or income waited for weeks for needed benefits. The inequality of access and benefit levels is obvious in spite of new programs established by Congress to temporarily smooth over differences among states.²

KEY DATA

The South stands out for low rates of reciprocity and income replacement.



SOLUTIONS

We must act now to change the system. We will never have a more important moment to get lasting and long-needed change. Crises expose our greatest weaknesses; if we ignore the moments when systemic flaws are laid bare, it will be nothing short of political and policy failure. Clearly, the federal pandemic UI programs should be extended as long as health and economic conditions relating to COVID-19 persist.

Key components of effective long-term UI reform include the following:

- The minimum duration should be 26 weeks of benefits.
- Benefits should replace 60% of income for workers below the earnings limit.
- More workers should be eligible. Employers in the gig economy and low-paid educational contract employees like adjuncts and paraeducators should be able to access UI in every state.
- There should be permanent reform of Extended Benefits. During a recession, benefit weeks should automatically be extended as the unemployment rate increases.
- Every state should provide a dependent allowance for people who have children.
- UI should be available to part-time workers in every state.
- Good cause to quit should be uniform across states, so workers fleeing domestic violence, following a spouse whose job has moved, or whose work jeopardizes their health and safety should be able to resign and receive UI.
- Work-sharing should be universal and available in every state. Employers should have the option to spread layoffs across the workforce and allow workers to receive UI to cover their lost hours rather than completely laying off part of the workforce.
- The optional Alternate Base Period should be mandatory so workers with erratic schedules can maximize their benefits.

¹ Austin Nichols and Margaret Simms, Racial and Ethnic Differences in Receipt of Unemployment Insurance Benefits During the Great Recession. Urban Institute. June 2012

² Pandemic Unemployment Assistance (PUA) provides benefits to workers who cannot establish eligibility for regular UI for a number of qualifying reasons, covering up the reciprocity problem. Pandemic Unemployment Compensation (PUC) provides every worker getting any unemployment payment with an additional \$600 per week, making up for discrepancies in benefit amounts. And, finally, Pandemic Emergency Unemployment Compensation (PEUC) provides an additional 13 weeks of benefits, making up for reduced duration.