

Unemployment Insurance Reforms Important to Women Can Mean More Funding for States

Updated March 2009

Both women and men are losing jobs at a devastating rate in this recession, but women – who already have lower wages than men, higher rates of poverty, and are more likely to be supporting children on their own – are especially vulnerable. Unemployment insurance (UI) provides temporary income support to workers who lose their jobs – but many states' eligibility rules disqualify a majority of workers, especially women. Fortunately, the recently signed American Recovery and Reinvestment Act (ARRA) encourages and helps states to address such coverage gaps. The Unemployment Insurance Modernization Act (UIMA), incorporated in the ARRA, provides substantial financial incentives to states to enact reforms to their UI systems. These reforms can alleviate hardship for women and families and boost state economies – if states act quickly to implement the reforms needed to qualify for all available funding.

➤ **Women's unemployment rate is rising rapidly and is likely to get much worse.**

- Between January 2009 and February 2009, the unemployment rate among adult women rose from 6.2 to 6.7 percent, a one-month increase of 8.1 percent, while men's unemployment rose from 7.6 to 8.1 percent, a one-month increase of 6.6 percent. February's 6.7 unemployment rate is the highest rate unemployment for women in 23 years.¹
- While men's unemployment rate rose faster than women's over the past year, over the past six months, as the recession spread from the male-dominated construction and manufacturing sectors to the female-dominated retail and services sectors,² women's unemployment rate has risen more quickly than men's. Between February 2008 and February 2009, the unemployment rate among adult women rose from 4.3 to 6.7 percent, an increase of 56 percent; the unemployment rate among adult men rose from 4.3 to 8.1 percent, an increase of 88 percent. However, since September 2008, the unemployment rate has increased by 36.7 percent for women compared to 30.6 percent for men.³
- In February 2009, unemployment among women who maintain families – who have no other income to fall back on and are especially vulnerable – was 10.3 percent, up 54 percent in the last year.⁴
- The unemployment rate for adult Hispanic women climbed to 10.2 percent in February 2009, an increase of 76 percent from a year ago (unadjusted for seasonal variation), while Black women's unemployment climbed to 9.9 percent, a 52 percent increase since February 2008.⁵
- Over the past year, job losses have been concentrated in the private sector; in the public sector, where women are disproportionately employed, there was modest job growth.⁶ But 47 states are facing budget shortfalls, forcing state and local governments to reduce

services and cut staff – predominantly women – who work as teachers and librarians, provide services for the elderly and disabled, and administer programs serving struggling families.⁷ The funding that the ARRA provides to states and localities will prevent some of these layoffs, but will close only part of the budget shortfalls.⁸

- More women than men who cannot find jobs are not counted as “unemployed” because the official definition excludes discouraged workers who have given up looking for work. Over the past year, the number of women who gave up looking for work increased by 90% compared to an 81% increase for men.⁹

➤ **Women who lose their jobs are less likely to receive unemployment benefits.**

- Unemployed women are about 10% less likely than men to receive UI benefits because of outdated eligibility rules that disproportionately disqualify women.¹⁰ In 41 states, unemployed men are more likely than women to receive UI benefits.¹¹

➤ **Enacting UIMA reforms would eliminate barriers to UI coverage for working women and qualify states for additional funding under the ARRA.**

- *A state can receive one-third of its UIMA funding if it considers a worker’s most recent earnings in determining eligibility.*

To be eligible to receive UI benefits, a claimant must have a specified amount of earnings during a specific set of months prior to her job termination. Depending on how the state defines this period and when a worker files her claim, between three to six months of her most recent earnings may be discarded. This particularly disadvantages low-wage workers, the majority of whom are women.¹² Although low-wage workers are over twice as likely as higher-wage workers to become unemployed, they are about half as likely to receive UI benefits.¹³

- *A state can receive the remaining two-thirds of its incentive funding by implementing two of the following:*

1) Providing benefits to workers who are only available for part-time work.

Women comprise over two-thirds of the part-time workforce,¹⁴ but are ineligible for unemployment benefits in most states unless they are looking for full-time work.

Unemployed part-time workers who worked for at least 35 weeks are much less likely to receive UI than full-time workers (29% v. 50%).¹⁵

2) Enabling workers who must leave a job for compelling family reasons to qualify.

Many states consider workers who have had to leave a job to escape domestic violence, care for a sick child or parent, or relocate with a spouse who has found a new job in another area, to have voluntarily quit – and disqualify them from UI benefits. These rules disproportionately impact women, who account for seven out of ten of those who leave work for family-related reasons.¹⁶

3) Offering dependent allowances for unemployed workers caring for dependent children.

Families who lose the income of a breadwinner struggle to meet their most basic needs.¹⁷ Dependent allowances are important for all families, but especially for single-parent – overwhelmingly single-mother – families with only one, now jobless, earner.

4) *Providing an extra 6 months of benefits to permanently laid-off workers enrolled in state-approved education or training programs.*

Since February 2008, more than 1.6 million additional people have entered long-term unemployment (27 weeks or more),¹⁸ and with the economy continuing to shed jobs, it is increasingly difficult for unemployed individuals to get back to work. Providing adequate income support that encourages training strengthens future job prospects and improves the economic security of vulnerable families for the short and long term.

For state-by-state information and other resources about implementing UIMA reforms, please visit the National Employment Law Project's Unemployment Insurance page:

http://www.nelp.org/site/issues/category/unemployment_insurance/.

¹ U.S. Department of Labor, Bureau of Labor Statistics, "The Employment Situation: February 2009," Tables A-1, A-2, A-3 and A-7 (March 6, 2009) ["BLS Unemployment Data February 2009"] and generated historical tables.

² See BLS Unemployment Data February 2009, Table B-1 for job losses in various industries; Bureau of Labor Statistics, *Women in the Labor Force: A Databook* (December 2008), Table 11, for the percentage of women employed in various occupations.

³ BLS Unemployment Data February 2009, Tables A-1 and calculations by National Women's Law Center.

⁴ *Ibid.*

⁵ *Ibid.*

⁶ BLS Unemployment Data February 2009, Table B-1.

⁷ Elizabeth McNichol and Iris J. Lav, Center on Budget and Policy Priorities, "State Budget Troubles Worsen" (updated March 13, 2009), available online at <http://www.cbpp.org/9-8-08sfp.htm>.

⁸ Nicholas Johnson, Phil Oliff, and Jeremy Koulisch, Center on Budget and Policy Priorities, "An Update on State Budget Cuts," (updated March 13, 2009), available online at <http://www.cbpp.org/3-13-08sfp.htm>.

⁹ BLS Unemployment Data December 2008, Table A-13, calculations by National Women's Law Center.

¹⁰ U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Reciprocity data; Vicki Lovell, Institute for Women's Policy Research, Testimony before the House Ways and Means Committee, Subcommittee on Income Security and Family Support, The Unemployment Insurance Modernization Act: Improving UI Equity and Adequacy for Women (September 19, 2007).

¹¹ Andrew Stettner, National Employment Law Project, "What Is UI Modernization and Why Is It Important?" (May 2009).

¹² Larry Mishel et al., Economic Policy Institute, *The State of Working America 2006/2007* (2007).

¹³ GAO 2007, *supra* note 10.

¹⁴ U.S. Department of Labor, Bureau of Labor Statistics, <ftp://ftp.bls.gov/pub/special.requests/lf/aat8.txt>.

¹⁵ Government Accountability Office, *Unemployment Insurance: Low-Wage and Part-Time Workers Continue to Experience Low Rates of Receipt* (September 2007) ["GAO 2007"].

¹⁶ Maurice Emsellem et al., National Employment Law Project, "The New Congress Proposes \$7 Billion in Incentive Payments for States to Modernize the Unemployment Insurance Program" (July 2007).

¹⁷ Hart Research and National Employment Law Project, "Unemployed in America" (December 2008).

¹⁸ BLS Unemployment Data February 2009, Table A-9