

Fact Sheet

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Women and Unemployment Insurance

Most workers expect that they can receive unemployment insurance (UI) benefits if they are temporarily out of work. However, many workers are not eligible for UI, because they work too few hours at low wages, or because they leave their jobs for reasons that are not considered "good cause," or because they are looking for a part-time job. Nationally, only 35 percent of unemployed men and a mere 23 percent of unemployed women receive UI.

This fact sheet describes the UI system and discusses specific features of the system that tend to deny benefits to low-income women. It also proposes a set of recommendations for changing UI to provide better income security for unemployed women.

What is Unemployment Insurance?

Unemployment Insurance was conceived in 1935 as a part of the Social Security Act. A child of the New Deal, UI provides temporary income to unemployed workers and bolsters the economy during recessions by increasing workers' spending. It is a federal-state program targeted at individuals with strong workforce attachment who lose their jobs through no fault of their own. UI is funded by federal and state payroll taxes paid by employers.

Why is UI Increasingly Important to Women?

UI benefits are becoming more important to women and their families. Not only are a growing percentage of women in the labor force, but welfare is also much less available as a source of temporary income support for low-income women who are between jobs. Because women are concentrated in low-wage work and make up the majority of part-time workers, the UI system's poor reach to these workers hits women hardest. Working women need an income security program that will help tide them over when they are between jobs.

How UI Eligibility Rules Exclude Women

States establish both monetary and non-monetary eligibility criteria to ensure that those receiving UI benefits have a significant attachment to the workforce, are able and willing to work, and are actively looking for new employment. Unfortunately, most states' eligibility screens fail to consider the social and economic issues peculiar to women's lives

that affect their employment patterns and their earnings – inadequate childcare, low wages, domestic responsibilities, sexual harassment – or to acknowledge the difficulty low-income and part-time workers encounter in qualifying for UI.

- ◆ Eligibility rules based on earnings, rather than hours worked, negatively affect low-income and part-time workers and, in turn, the women and people of color who disproportionately hold low-wage jobs. Typically workers must have earnings in two calendar quarters and must meet total earnings and high-quarter earnings requirements (e.g., New Hampshire requires \$1200 in each of two quarters and California mandates \$1300 in the high quarter) to receive UI.
- ◆ Adequate childcare may not be available, especially for shift workers, yet quitting a job for this reason usually disqualifies women from UI receipt.
- ◆ In most states, up to six months of recent earnings are excluded from eligibility calculations, making it difficult for low-income and part-time workers, who often have short-term as well as low-wage jobs, to meet the earnings requirements.
- ◆ Job losers – more frequently men – are most likely to benefit from UI, while job leavers – more frequently women – must establish a "good cause" for resigning. New entrants to the workforce, also more frequently women, are ineligible for UI. Twenty-five percent of women leave their jobs for care-giving responsibilities, such as child care, caring for a relative, and pregnancy. In thirty states, this usually makes them ineligible for UI receipt.

- ◆ Women who quit work because of sexual harassment or domestic violence may not be eligible for UI. Research shows that up to 65 percent of welfare recipients are currently experiencing domestic violence.
- ◆ In many states, UI claimants looking for part-time work are not eligible for UI, even if they have historically worked part-time or have family obligations, such as child care, that preclude full-time work. Twenty-five percent of unemployed women look for part-time employment, yet they are only eligible for UI in California, Colorado, Delaware, the District of Columbia, Illinois, Massachusetts, Montana, New Jersey, and Ohio.

Policy Recommendations

Reform of the UI system to improve access by women and low-income earners and to increase benefit amounts should include the following provisions:

Monetary eligibility requirements

- ◆ Measure workforce attachment by hours worked rather than earnings to ensure that part-time and low-income workers are not excluded by overall earnings requirements, or eliminate high-quarter earnings requirements and reduce earnings requirements overall.
- ◆ Include recent earnings in eligibility calculations.

Non-monetary eligibility requirements

- ◆ Extend coverage to workers who lose their jobs due to domestic circumstances beyond their control, such as caring for a child, spouse or parent, partner relocation, domestic abuse, pregnancy and inadequate childcare.
- ◆ Permit workers seeking part-time positions to receive UI benefits.

Benefit levels

Since UI payments are based on earnings, benefits for many low-wage workers, who are disproportionately female and/or people of color, are insufficient to support their families. Reforms to improve the economic security offered by UI include:

- ◆ Raise weekly benefit levels, which can be as low as \$5 a week and average about \$42 less for women than for men.
- ◆ Provide dependent allowances to supplement UI benefits. This provision would be particularly beneficial to low-income workers, but only twelve states and the District of Columbia have added this benefit.

Enacting these policy recommendations will help bring the UI system into alignment with the contemporary workforce, which includes many low-income and part-time workers, women and people of color.

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More information regarding this topic is available in the reports *Unemployment Insurance: Barriers to Access for Women and Part-Time Workers* by Young-Hee Yoon, Roberta Spalter-Roth, and Marc Baldwin (July 1995) and *The Texas Unemployment System: Barriers to Access for Low-Wage, Part-Time and Women Workers* by Maurice Emsellem, Katherine Allen and Lois Shaw (February 1999).

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The Institute for Women's Policy Research (IWPR) is a public policy research organization dedicated to informing and stimulating the debate on public policy issues of critical importance to women and their families. IWPR focuses on issues of poverty and welfare, employment and earnings, work and family issues, the economic and social aspects of health care and domestic violence, and women's civic and political participation.

The Institute works with policymakers, scholars, and public interest groups around the country to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR, an independent, nonprofit organization, also works in affiliation with the graduate programs in public policy and women's studies at The George Washington University.

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