Unemployment Insurance: Barriers to Access for Women and Part-Time Workers

Created in 1935 as a national program, Unemployment Insurance (UI) was designed to provide income support to workers with a strong attachment to the labor force who are experiencing temporary job loss. Such recent changes in the structure of the economy as the decline of the manufacturing sector, the growth of part-time work, and the expansion of women’s participation in the labor market, as well as changes in state legal requirements for UI eligibility, appear to have contributed to a growing inadequacy of UI. The recipiency rate (the proportion of all unemployed who receive UI benefits) has fallen and continues to fall. In new research conducted for the National Commission for Employment Policy, the Institute for Women’s Policy Research (IWPR) identifies the specific barriers to workers in qualifying for UI. The study determines the numbers and proportions of women versus men and part-time versus full-time workers who are disqualified because of various eligibility requirements. Our findings show that women are less likely than men to receive UI benefits -- 80 percent of the unemployed women did not meet the eligibility criteria. Similarly, part-time workers are almost four times less likely than full-time workers to receive UI benefits -- 90 percent of part-time workers did not meet eligibility criteria. These findings suggest that the UI system has not adapted to changes in the structure of the workplace and the family, and that UI, which provides insurance to fewer than one-third of the unemployed, will likely increasingly fail to meet the needs of unemployed workers.

UI recipiency has declined steadily since 1975

Unemployment Insurance is a social insurance program administered by 50 states, the District of Columbia, the Virgin Islands, Puerto Rico, and the federal government that is financed through payroll taxes. UI provides temporary and partial wage replacement to workers in times of involuntary job loss. It is also intended to boost the economy during periods of recession by maintaining the purchasing power of unemployed workers and to encourage employers to stabilize employment. While the Federal Unemployment Tax Act (FUTA) generally determines which industries and types of workers are covered by the program, the states generally determine eligibility requirements, level of benefit, and duration of reciprocity. After peaking at 49 percent in 1975, the share of the unemployed population receiving UI benefits fell despite relatively high rates of unemployment during the 1980s to a low of 31 percent in 1993, even though 90 percent of all employees are covered by UI. Researchers have offered various explanations for the declining recipiency rate, such as sectoral and industrial shifts in employment, demographic shifts, and the changing eligibility requirements that make it more difficult for unemployed workers to collect benefits.

The Changing Composition of the Workforce and Jobs

The demographic composition of the workforce is far more diverse than it was six decades ago and the characteristics of the job market have changed dramatically since the adoption of the UI program. Women’s labor force participation rates nearly doubled from 33 percent to 59 percent between 1948 and 1994. The share of workers in manufacturing (which has traditionally accounted for a significant share of UI claims) decreased from 35 percent of the workforce in 1947 to 16 percent in 1994. The percentage of workers in the service sector increased from 59 percent to 79 percent. At the same time, with the expansion of the service sector, part-time work has also become more prevalent.

1 Originally, the law excluded farm workers, domestic servants, government employees, and employees of non-profit organizations from coverage. Coverage indicates that the employer is required to pay insurance premiums but any particular covered worker will be eligible for benefits only if she or he also meets various earnings and other criteria.
Do Reasons for Unemployment Differ by Gender?

Although women's labor force participation rates have grown dramatically and increasingly resemble men's, women's patterns of unemployment still differ substantially from men's (see Figure 1). The primary difference is that women are nearly twice as likely as men (41 percent versus 25 percent) to be re-entrants into the labor force (Bureau of Labor Statistics, Employment and Earnings, January, 1995). Despite their growing responsibility for the financial well-being of their families, women are still primarily responsible for performing the unpaid work of child and family care. Women are more likely than men to leave the labor force at some point during their careers for child rearing and other family-related reasons, and re-enter thereafter. Women are also twice as likely as men to be new entrants to the labor force and are over-represented among part-time workers.

But, while family responsibilities differentially affect women's labor force patterns, the primary reasons for women's unemployment are job-related. Over 40 percent of the unemployed women cited layoffs, unsatisfactory work conditions and pay, or the temporary nature of their jobs, while fewer than a quarter cited personal, family, or health reasons as the cause for unemployment (based on IWPR calculations of the 1988 Panel of the SIPP).

**IWPR's Study**

Using data from the Wave 6 of the 1988 Panel of the U.S. Bureau of the Census' Survey of Income and Program Participation (which covers the period from February 1988 to January 1990), the study identifies unemployed and discouraged workers and replicates key aspects of the experience of these workers who attempt to receive UI benefits. The study estimates what would have occurred had each unemployed person in the database applied for benefits in their state of residence, modeling the process by applying seven eligibility criteria determined by state and federal requirements. The initial pool of potential UI beneficiaries in the SIPP data set used in the study represents 6.6 million individuals who said that they were unemployed or discouraged during the survey period. ("Discouraged" indicates those not actively looking for work.) We apply each criterion in successive of screens, with each eliminating additional workers from eligibility.

**Non-Student:** Thirteen states require that unemployed persons not be enrolled in school as full-time and/or part-time students. Claimants in “approved” training programs are still eligible for benefits under federal law.

**Looking for Work:** Individuals must be looking for work or they are not considered “unemployed” by the Bureau of Labor Statistics; thus, this criterion excludes “discouraged” workers.

**Covered Employment:** Workers who have lost jobs not covered by UI, such as self-employed workers or those working without pay in family businesses, are also ineligible for UI benefits.

**Weeks Worked:** Nearly one quarter of the states require that workers must work a minimum number of weeks with minimum weekly earnings. The number of weeks required by states ranges from 14 to 20 weeks.

**High Quarter Earnings:** In 28 states, individuals must receive a minimum amount of earnings in at least one of the quarters in their “base period.”

**Base Period Earnings:** In all but Washington State, workers must meet the state’s minimum earnings requirements over the base period. Base period earnings are calculated as a flat amount, a multiple of the weekly benefit, or an additional fraction of high quarter earnings. All but six states also require individuals to have earnings in at least two quarters.

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Footnotes:

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5. Generally, the 12 months prior to the first quarter before the start of the unemployment spell.
Remaining Eligibility Criteria: This residual category captures unmeasured variations across states and individuals and other job separation issues that might restrict eligibility for benefits, such as exhaustion of benefits, failure to apply, lack of "good cause" (i.e. family or personal reasons), and lack of availability for full-time work.

**IWPR Results**

**UI Eligibility and Gender**

Since women’s employment patterns differ from the traditional male model of full-time work, women historically have been less able to meet the program’s stringent eligibility criteria. The study shows that women are less likely to receive UI benefits than men. Of unemployed women, 2.6 million (80 percent) did not receive UI versus 2.4 million (74 percent) of unemployed men. As Figure 2a shows, the first three eligibility criteria (Non-Student, Looking for Work, and Covered Employment) eliminated a higher proportion of men than women from receiving UI. The next criterion (Looking for Work) also eliminated a higher proportion of men than women from eligibility, likely because more women leave the labor force for family or personal reasons, and are not counted as discouraged.

When subsequent eligibility rules are applied, increasing numbers of women lose access to UI as they generally have fewer hours or weeks of work and are less likely to meet the earnings requirements. The largest share of the unemployed lost access to UI due to the Weeks Worked requirement (one million workers, or 15 percent), with women losing eligibility at more than twice the rate of men (20 percent versus eight percent). This is most likely since a smaller proportion of women than men work full-time year-round than men. According to the March 1991 Current Population Survey (CPS), 71 percent of men and 54 percent of women between ages 18 and 64 worked full-time year-round in 1990. Women also lost access to UI at twice the rate of men as a result of the High Quarter Earnings and Base Period Earnings requirements (13 percent of unemployed women versus six percent of unemployed men).

The remaining eligibility criteria eliminate a greater proportion of men than women. Although it is likely that fewer women than men have “good cause” reasons for unemployment and fewer women are available for full-time work, proportionally more men are eliminated for other reasons, while proportionally fewer men than women are eliminated for monetary reasons.

Based on our calculations of other months of the SIPP, we found that 17 percent of unemployed women cite family or personal reasons as the cause for job separation,
compared to three percent for men. In contrast, 27 percent of
the unemployed men (versus 15 percent of unemployed women)
cited plant closings or layoffs as the reason for job separation
which is considered “good cause” according to state regulations.

UI Eligibility and Part-Time Status

Because the UI system was designed to assist “traditional” workers (typically full-time year-round workers, those
who do not work the necessary hours or weeks) earn the re-
quisite amounts, or are unable to work full-time are likely to
lose access to benefits. Part-time workers are thus particularly
vulnerable to losing access to UI, which is significant for women
since they constitute 68 percent of part-time workers.

After the first six eligibility criteria are applied, 30
percent of the initial 5.4 million unemployed workers were
disqualified from receiving UI, while 70 percent remained
eligible. The first six criteria left only 42 percent of the un-
employed part-time workers compared to 80 percent of full-
time workers as eligible. The study shows that it is the mo-
etary eligibility requirements that disqualify the most part-
time workers from UI. Four times more part-time workers
than full-time workers failed to meet the High Quarter earn-
ings requirement. Part-time workers were twenty times more
likely to fail the Base Period Earnings requirement than full-
time workers. Part-time workers were significantly more
likely to lose access to UI than full-time workers as a result
of the Non-Student requirement, since students tend to work
part-time rather than full-time. A higher proportion of part-
time workers than full-time workers lost access to UI as a
result of the Looking for Work criterion, most likely due to
part-time workers dropping out of the labor force and thus
not being counted as unemployed in official statistics.

About equal proportions of part-time and full-time
workers were excluded as a result of the Covered Employ-
ment criterion; this is because “coverage” is determined by class
of worker or industry, not by number of hours worked. In the
Minimum Weeks screen, a significantly higher proportion of
part-time workers were excluded since part-timers tend to work
fewer weeks than full-time workers (36 weeks versus 46 weeks
per year, according to the March 1991 CPS). Beyond the initial
six, other eligibility criteria, such as benefit exhaustion, lack of
“good cause,” and availability for work further reduced the num-
ber of eligible workers to 1.5 million workers. Although a greater
proportion of full-time workers lost eligibility from the remain-
ing eligibility criteria, (44 percent compared to 32 percent), in
the end part-time workers are nearly four times less likely to
receive UI benefits than full-time workers.

Policy Recommendations

The findings from this study show that unemployed
women are less likely than unemployed men to receive UI
benefits. Our findings show that although women are more
likely than men to leave or lose their jobs because of fam-
ily reasons, three-quarters become unemployed for job-
related reasons. Similarly, the majority of part-time work-
ers also become unemployed for job-related reasons.
These findings suggest that the length of employment,
and especially the monetary eligibility criteria, are most
likely to disqualify women and part-time workers from
receiving UI benefits.

As more workers enter part-time and temporary jobs,
and particularly if AFDC becomes a time-limited non-en-
titlement program, the need for UI will grow. More women
will necessarily look to UI as a source of income security,
especially because women are more likely to be in precari-
ous labor market positions. However, in its current form, UI
will not be adequate for these women. Other IWPR research
shows that only 11 percent of working AFDC recipients re-
ceive UI, relying on AFDC as a “poor woman’s” unemploy-
ment insurance instead.

In light of the impact state laws and regulations have
had on UI benefit recipiency, the federal government can play
a key role in making UI more responsive to recent changes
in the economy. UI system reforms should focus on mak-
ing the system more accessible to workers with low earn-
ings and more sporadic work patterns and expanding the
definition of “good cause” to acknowledge the realities of
women’s labor force participation and workers’ family care
responsibilities.

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