

Protecting nonstandard workers against unemployment risk

A couple of “big-think” options

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Immediate goal: **Expand UI's reach as far as feasible**

- See joint work by CAP, GCPI, NELP (2016)
- Within states' UI programs, further improvements would help *some* NSWs:
 - Cracking down on **employee misclassification**
 - **Removing restrictions** on part-time, temporary, and seasonal workers
 - Modifying the **base period**: ABP and EBP
 - Getting rid of the **waiting week**

But some worker groups will remain uncovered by UI...

Brief big-picture context

- At the same time as UI's reach & adequacy is diminished...
 - *Especially in certain states, and*
 - *Especially for certain worker groups*
- ...many working families have diminished external resources when facing unemployment or underemployment:
 - *Cash assistance (TANF)*
 - *In-kind transfers (e.g., SNAP)*
 - *Tax credits (e.g., EITC)*
 - *Health insurance (e.g., Medicaid, ACA) is a partial exception, at least for now*
- Relatedly, lack of access to paid leave is a both a cause and a consequence of NSW participation.

“Big-think” idea #1: **A Jobseeker’s Allowance (JSA)**

- **Target population:** Non-UI eligible workers, including:
 - Independent contractors and other self-employed
 - New labor-market entrants and young workers
 - Returning workers (e.g., caregivers)
 - Intermittently employed and underemployed
 - UI exhausters
- **Modest federal benefit:** ~\$170 per week for up to 13 weeks
- **Services:** Employment services, skills training, and job connections (e.g., local firms, subsidized jobs, apprenticeships)

“Big-think” idea #1: **A Jobseeker’s Allowance (JSA) (continued)**

- **Eligibility:**
 - Job-search requirements (like UI)
 - Means test
 - Rolling time limit
- **Two paths:**
 - *Path 1:* Job search and career ladders
 - *Path 2:* Individualized mobility strategies
- **Countercyclical** ramp-up (identical triggers as proposed for UI Extended Benefits)
- **Possible future extensions:** Contributory system; tiered benefits

“Big-think” idea #1: **A Jobseeker’s Allowance (JSA) (continued)**

- **Potential benefits:**
 - Insurance and income stabilization for NSWs & other UI-ineligibles
 - Higher workforce participation
 - Greater reemployment; job preparation and training; and improved worker-firm matching, esp. for workers with limited resources or barriers
 - Improved wages and job quality for low-wage workers
 - Fewer holes in US economic security system
 - Additional macroeconomic stabilization
- **Estimated cost:** ~\$10.9 billion/year
- **Estimated scope:** 5.4 million jobseekers/year

“Big-think” idea #2: **A Job Guarantee**

- See especially work by Profs. **Sandy Darity** and **Darrick Hamilton**
- Some **precedent**:
 - U.S. historical context: WPA (1930s) and CETA (1970s)
 - Contemporary context: India’s Mahatma Gandhi National Rural Employment Guarantee Act (2005)
- Could be targeted toward specific **subgroups of workers** and/or **piloted**
- To be sure, plenty of:
 - **Complications** (wage rates, matching, serving rural areas, addressing barriers, etc.)
 - **Concerns** (cost, crowd-out, stigma, countercyclical risk, etc.)
- But could provide (1) last-resort protection against work/earnings loss for NSWs and other workers and (2) an alternative to involuntary NSW

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Reference: How does the JSA compare to UI? (CAP, GCPI, and NELP [2016])

Comparison of reformed unemployment insurance program to proposed Jobseeker's Allowance		
	Unemployment insurance	Jobseeker's Allowance
Target population	Workers involuntarily separated from recent employment	New labor market entrants, re-entrants, UI exhaustees, legitimately self-employed workers, and intermittent workers with limited resources
Eligibility	Involuntary separation from employment and voluntary separation for good cause; minimum recent earnings history	At least age 19 or GED/high school degree holder; ineligible for UI; annual household income below the Social Security maximum taxable wage (\$118,500 in 2015)
Benefit duration	At least 26 weeks with tiers of Extended Benefits during economic contractions	At least 13 weeks with tiers of Extended Benefits during economic contractions
Weekly benefit level	Weekly benefit varies with base-period earnings; maximum weekly benefit of at least 50 percent of state average weekly wage	Uniform weekly benefit of \$170 (about half of a typical low-wage worker's wages) indexed to the 10th percentile of wages
Administration	Federal funding for state administration for benefits and service delivery; federal government maintains state financial accounts	Federal funding for state administration for benefits and service delivery; federal government splits state administrative and outreach costs evenly
Financing	State payroll taxes fund regular benefits; federal payroll tax funds Extended Benefits; federal appropriations fund state administration	Federal funding from general revenues with options for partial offsets
Services	Re-employment services (required for long-term unemployed)	Employment services, skills and training options, subsidized employment option