

Unemployment Insurance in the 21st Century:

1) Relationship to means-tested income support programs

2) Eligibility and low-wage workers

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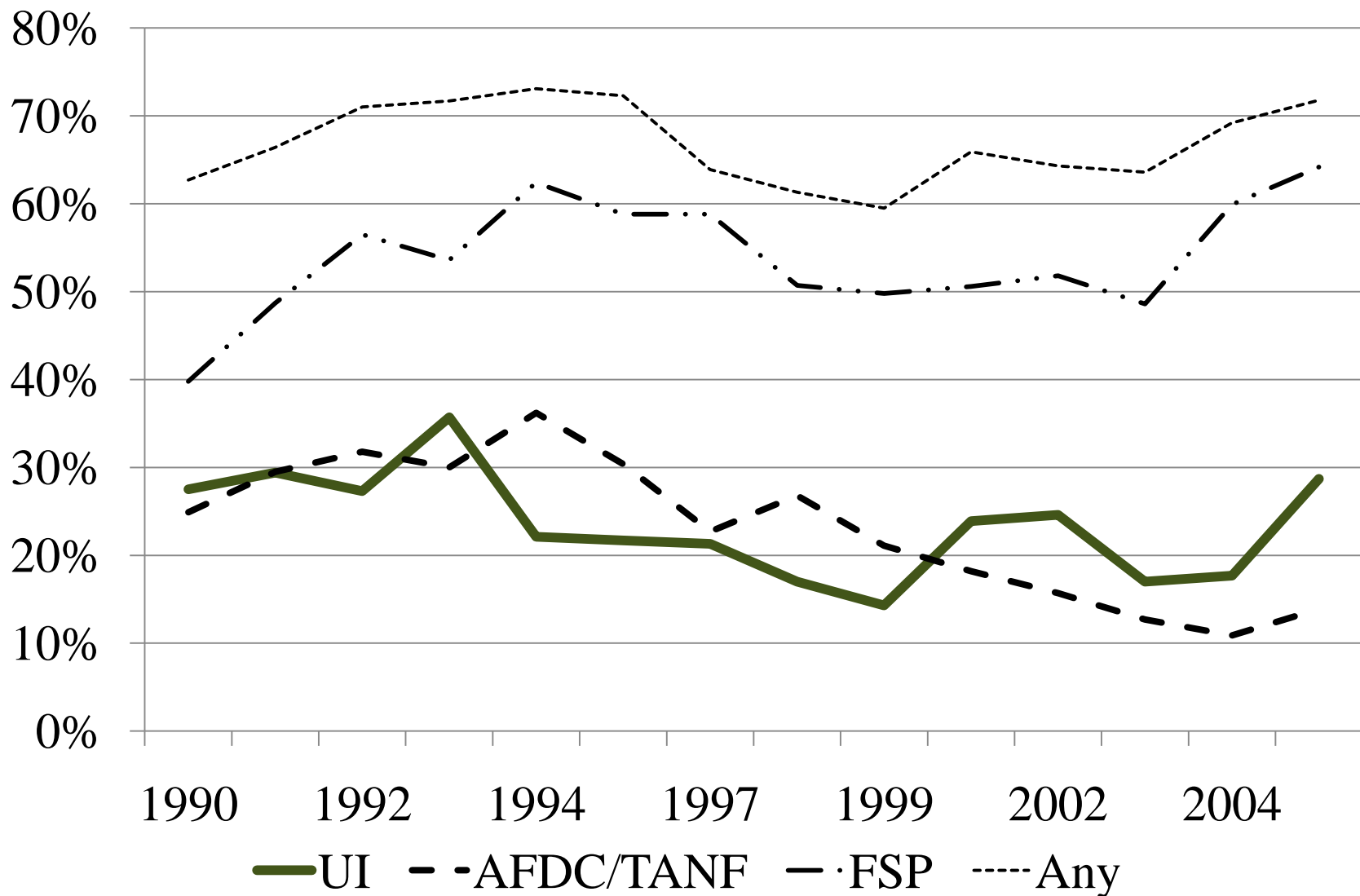
THREE TOPICS

- Changes in means-tested programs and the implications for UI
- UI eligibility requirements and low-wage/low-educated workers
- Low take-up rates among low-wage/low-educated workers

BROADER SOCIAL SAFETY NET

- Past 20 years has seen major changes to the means-tested safety net
 - Expansions of the Earned Income Tax Credit
 - Ending of any cash assistance entitlement
 - Expansions of public health insurance to the poor, especially children
 - Liberalization of eligibility for Food Stamps (SNAP)
- All of these have implications for the importance of UI to low-wage/low-educated working populations

Program Benefits Receipt by Low-Educated Single Mothers Entering into Unemployment



Source: Authors' analyses using a pooled sample of the 1990-2004 SIPP panels

IN THE CURRENT DECADE

- UI became more important to low-educated single mothers who become unemployed than cash assistance
- This makes future changes to UI more important to this group than before
- FSP/SNAP is by far the most common income support accessed by this population
- Greater FSP reliance may have led to a decline in overall benefit amounts

Participation in UI, AFDC/TANF, OR FSP (SNAP) by Low-Educated Single Mothers Entering a Spell of Unemployment

	% Receiving Benefits from 1+	Median Monthly Benefits (1996\$)
1990-1994	69.7%	\$462
1996-1999	64.0%	\$320
2001-2005	66.6%	\$301

Source: Authors' preliminary results from a pooled sample of the 1990-2004 panels of the SIPP

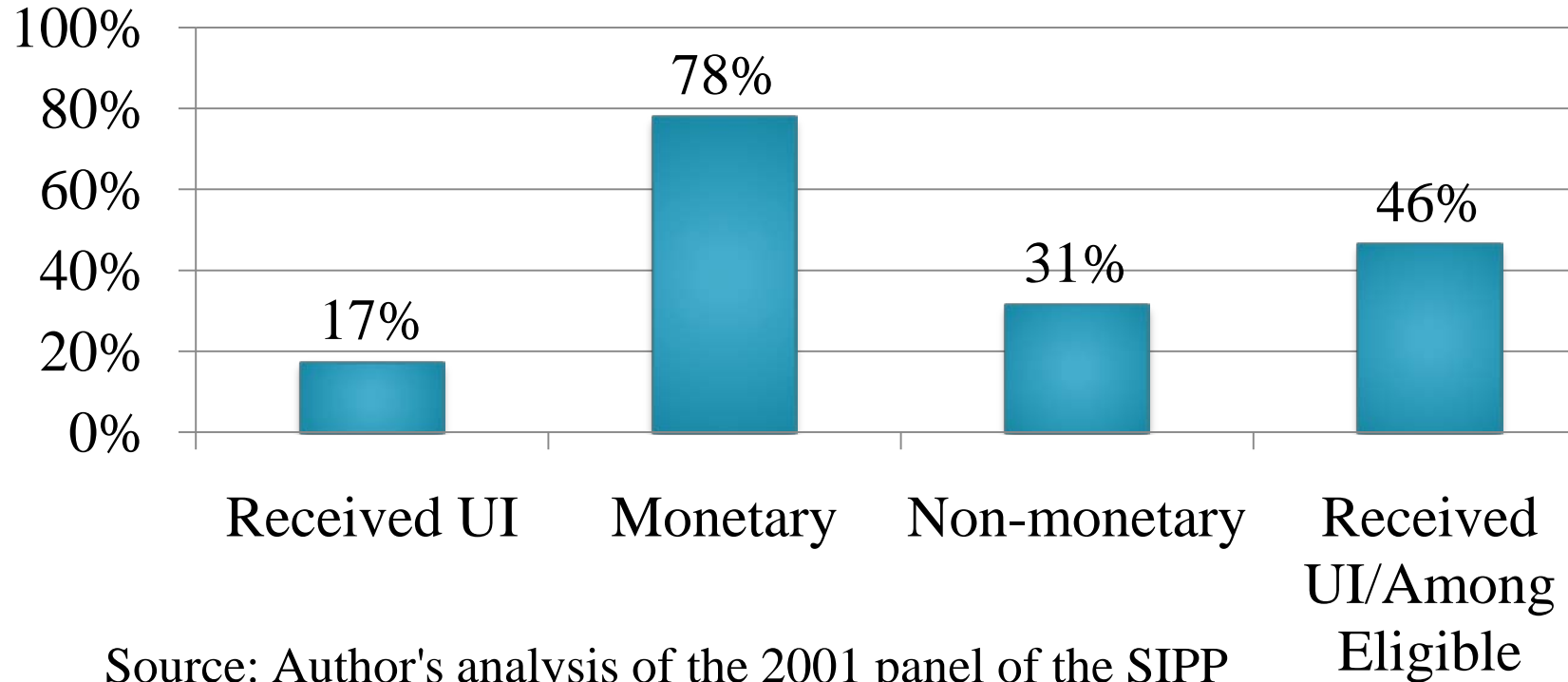
Proportions accessing benefits stays relatively stable

Median (and mean) benefits received falls by 35%



BROADER ISSUES OF ELIGIBILITY AMONG LOW-WAGE WORKERS

Receipt & Eligibility for UI among Low-Wage Workers, 2001-2003



Less than a third of low-wage workers meet non-Monetary eligibility requirements (imprecise estimate)

Many eligible low-wage workers appear to not access benefits

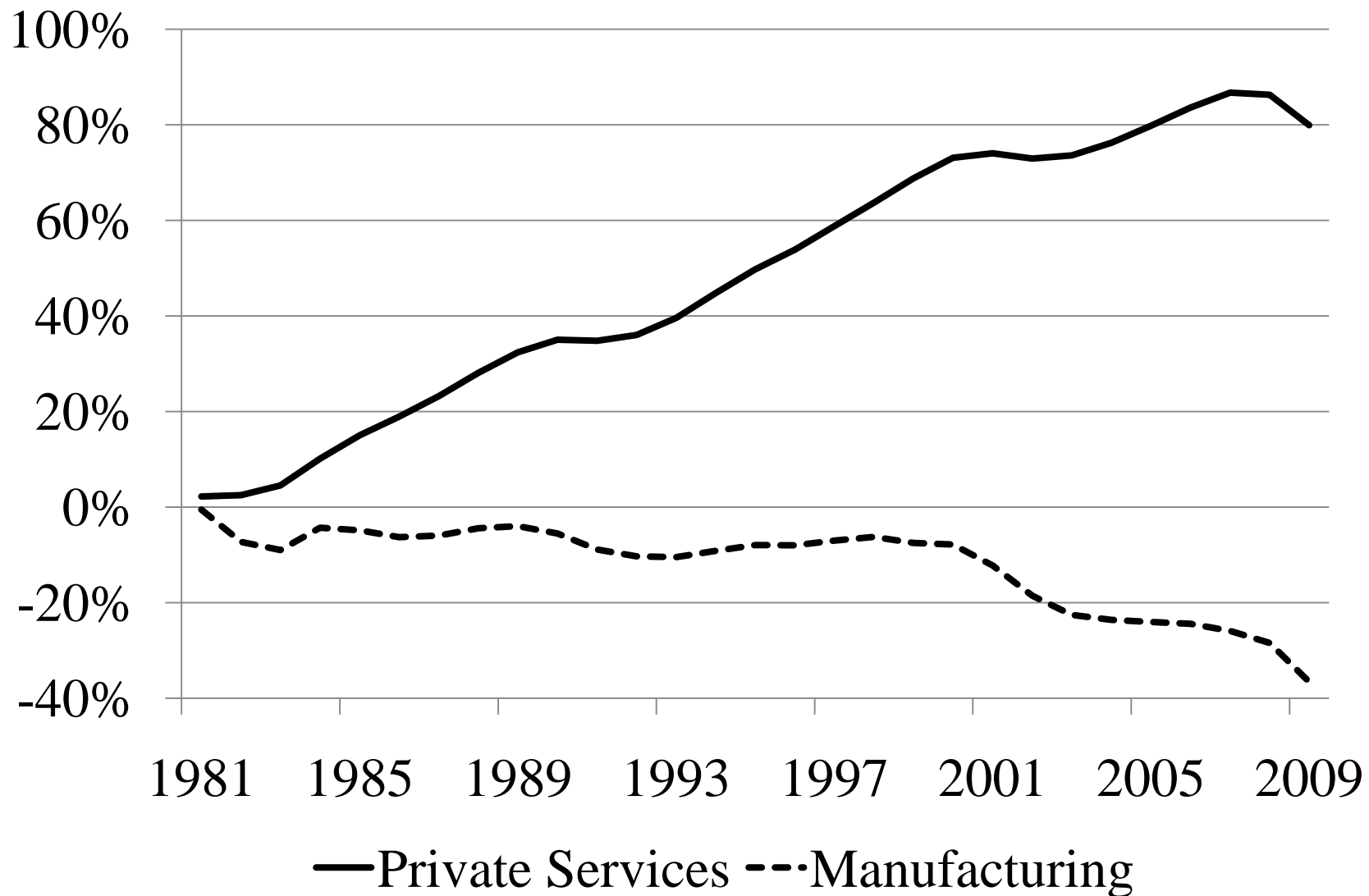
UI RECEIPT: DIFFERENCES BY INDUSTRY AND WAGE LEVEL

Industry	Low-Wage	High Wage	Overall
Services	9%	16%	13%
Retail	12%	43%	16%
Manufacturing	25%	51%	39%
Construction/ Mining	27%	66%	58%

GAO Analysis of the 1993 SIPP Panel

Industry is associated with different rates of receipt among low-wage and high-wage workers alike

Percentage Growth in Sectors Since 1980 (CES Data)



CONCLUSIONS

- UI will be more important to low-wage workers in the 21st Century than in the 20th
- Big differences in UI participation by industry
 - Likely a result of non-monetary requirements
 - Are worker characteristics to blame?
 - Industry-level factors also appear important
 - Growth in low-participation industries, and declines in high participation industries sped up this decade
 - Higher wage workers will be affected this century
 - Labor practices in the services may spread
 - Growth of independent contractors, for example
- Questions about disparities in take-up rates remain

POLICY PROPOSALS

- Consider public outreach campaigns
 - Some evidence that this can be effective
 - Could target by industry
- Examine industry-level factors related to non-monetary eligibility requirements
 - Consider shortening non-monetary ineligibility periods, like most western-industrial nations
 - Look at “just-in-time” scheduling practices to limit formal lay-offs
 - What are the implications for eligibility?