AN ACT TO PROVIDE FAIR UNEMPLOYMENT COMPENSATION

Updating Benefits for Low-Wage Earners

House Bill #4469, Senate Bill #98
THREE ACTUAL CASE HISTORIES
(names have been changed)

Mei Yin Ng worked in the garment industry for 16 years. She and her husband managed to raise two children and make a living until work began to slow down at the factory. Due to underemployment in the year before layoff, she received only $34 a week in unemployment insurance! After 16 years of hard work, she felt she deserved more. Mei would receive $58 in weekly benefits (which includes dependency benefits) under the proposed, amended law.

Rolando Suarez worked 37 hours a week at minimum wage. He had a hard enough time making a living before. After he lost his job, he barely survived on unemployment benefits of $75 a week. Rolando would receive $98 in weekly benefits under the proposed amended law.

Sandra White received $64 a week when she lost her job. Although she had two children to raise, her $25 per child dependency allowance was cut in half because of her low benefit level. She thought to herself, if my unemployment check is low, I need the money for my children more, not less! But at least she received some support for the children; her coworkers with husbands in low-wage jobs received nothing at all! Sandra would receive $73 in weekly benefits (which includes dependency benefits) under the proposed, amended law.
WHY AMEND THE CURRENT LAW?

The current unemployment insurance system no longer serves the needs of many unemployed workers. Benefit levels are outdated and particularly inadequate for low-income workers, seasonal workers, and those affected by work slowdowns.

Formulas for calculating unemployment insurance for low wage workers have not been updated for 50 years!

With the rising cost of living and shifts in the economy, many workers have lost the safety net that unemployment insurance once represented.
THE PROPOSED LAW AMENDS THE CURRENT UNEMPLOYMENT INSURANCE LAW IN FOUR AREAS

• • • REDUCTION OF ELIGIBILITY REQUIREMENTS FOR POTENTIAL CLAIMANTS.

• • • ADJUSTED WEIGHTED BENEFIT SCALE FOR LOW-WAGE EARNERS.

• • • AMENDED DEPENDENCY ALLOWANCE.

• • • INCREASED INCENTIVES FOR PARTIAL EMPLOYMENT.
ELIGIBILITY REQUIREMENTS UNDER THE CURRENT UNEMPLOYMENT INSURANCE LAW AND PROPOSED AMENDMENTS

• • • CURRENT LAW

- Potential claimants for unemployment benefits must meet two criteria;

1. Earned a minimum of $1200 in the base period, the 52 weeks preceding the date of the claim, AND

2. Earned a minimum of 30 times the weekly benefit amount in the base period. The weekly benefit amount is the basic weekly unemployment compensation the claimant will receive, if he/she qualifies (For most claimants, it is equal to 50% of a week's wage earned in the prior year) and is calculated by averaging high quarter earnings.

• • • PROPOSED AMENDMENTS

- Most potential claimants for unemployment benefits must meet two criteria;

1. Earned a minimum of $1000 in the base period (a reduction of $200), the 52 weeks preceding the date of the claim, AND

2. Earned a minimum of 26 times the weekly benefit amount in the base period (a reduction from 30 times the weekly benefit amount). The weekly benefit amount is the unemployment compensation the claimant will receive, if he/she qualifies, OR

- If a worker is a victim of a plant closing, he/she will be required to fulfill only one of the above two eligibility criteria.
WHY CHANGE THE ELIGIBILITY CRITERIA?

• Many low wage earners are subject to cyclical employment, e.g., as a result of factory shutdowns or slowdowns.

• Under the current law, many of these workers are excluded from eligibility for unemployment benefits because they do not meet the eligibility criteria due to fluctuating income during the prior year.

• The proposed law would include low wage earners who through no fault of their own are subject to these employment patterns.

• Ineligibility for unemployment also means ineligibility for plant closing benefits, retraining, and other state initiatives designed to help these workers.
BASIC WEEKLY BENEFITS

Current Law

Most claimants receive an unemployment check that is approximately 50% of the prior year's wages.

Claimants who qualify for unemployment and earned less than $66 a week in the prior year, receive slightly more than 50% in benefits.

Proposed Amendment

Claimants who qualify for unemployment and earned between $61 and $250 a week in the prior year, receive a basic weekly benefit of between 80% stepped down to 50% of the prior year's weekly wages.
**DEPENDENCY ALLOWANCE**

**Current Law**

Claimants who "wholly or mainly" support a child, receive $25 per child, up to a maximum allowance of 50% of their weekly basic unemployment benefit.

**Proposed Amendment**

Claimants with dependents receive a dependency allowance.

**MAXIMUM WEEKLY UNEMPLOYMENT BENEFITS**

**Current Law**

Basic weekly unemployment benefits PLUS dependency allowance cannot exceed 75% of weekly wage earned in the prior year.

**Proposed Amendment**

Basic weekly unemployment benefits PLUS dependency allowance cannot exceed the following percentage of average weekly wage earned in the prior year:

(i) 75% for claimants who had earned more than $250,
(ii) 85% for claimants who had earned between $61-250,
(iii) 95% for claimants who had earned less than $61.
EARNINGS DISREGARD FOR PARTIAL EMPLOYMENT

Current Law

Claimants may earn up to a maximum of $30 a week from partial employment without these earnings affecting the amount of unemployment benefits received.

Proposed Amendment

Claimants may earn up to 30% of the state’s maximum weekly benefit amount (wba). With the current wba at $255, a claimant may earn up to a maximum of $76 a week from partial employment without these earnings affecting their unemployment benefits.
WHY SHOULD THE CURRENT BENEFIT LEVELS BE UPDATED?

••• The current benefit levels do not meet the needs of low wage earners. The unemployment benefit levels are inadequate. Low wage earners have more non-deferrable expenses during periods of unemployment.

••• The current benefit levels do not comply with the law's purpose which is "to lighten the burden which now falls on the unemployed worker and (that worker's) family." G.L. c. 151A, § 74.

••• The Department of Labor supports a weighted benefit scale and other states have weighted benefit scales for low wage earners.

••• Massachusetts should also assist low-wage taxpayers by enacting a weighted benefit scale.
WHY AMEND THE DEPENDENCY ALLOWANCE SECTION?

The current law discriminates against women and low-wage earning families.

The current law does not allow a unemployed spouse to collect dependency benefits unless that person "wholly or mainly" supports the child(ren).

Generally, both parents in a low-income family are low-wage earners. Also, on average women earn less than men. The current law places a heavier burden on low-income households when the mother is unemployed than with higher income families.

Because the proposed amendment will eliminate the exclusionary clause, low-wage parents and dependents will receive the dependency allowance they desperately need.