

**THE GEORGIA UNEMPLOYMENT INSURANCE SYSTEM:
OVERCOMING BARRIERS FOR LOW-WAGE,
PART-TIME & WOMEN WORKERS**

by

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(December 2000)

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Acknowledgments

NELP and IWPR wish to thank Tom Stengle of the U.S. Department of Labor for his significant and timely assistance providing unpublished data for this report. The Georgia Department of Labor also provided data and background information for this report, in addition to assistance interpreting the state's UI policies. Georgia State Rep. Nan Grogan Orrock and the Women's Policy Education Fund also provided helpful assistance in preparing this report. The authors are indebted to Kevin Moore for data analysis regarding Georgia's part-time workers and to Allison Palmer of NELP for generating the report's charts and for providing other production assistance. Finally, we are grateful to several foundations that support our work promoting reform of the UI system, including the Annie E. Casey Foundation, The Joyce Foundation, the Rockefeller Foundation, the Public Welfare Foundation, the French American Charitable Trust and the Solidago Foundation.

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EXECUTIVE SUMMARY

The Georgia unemployment insurance (UI) system is not working to meet its basic goal of providing a modest measure of income support to temporarily unemployed working families. This is due in significant part to the UI system's failure to keep pace with fundamental changes in the labor market, including the growth of low-wage and part-time work and the vastly expanding role of women in the labor market. This situation exists despite the significant reserves in Georgia's UI trust fund and record-level UI tax cuts.

In 1999, only one in five (20.6%) of unemployed Georgia workers received unemployment insurance, which is almost half the national average (38.7%). Unfortunately, large segments of the state's most vulnerable workers are the hardest hit by the failures of the Georgia UI system. This is true even for those working families who have significant attachment to the labor force. For these hard-working Georgians, it is a misnomer to say that the system can be counted on as "insurance" during a spell of involuntary unemployment.

This report examines both the "benefits" side and the "financing" side of Georgia's UI program. The report includes the following key findings:

- In 1999, just one in five of the unemployed in Georgia collected unemployment benefits. Only two states in the nation are at the same rate or lower than Georgia. The proportion of the unemployed who collect unemployment in Georgia is also lower than in any of the neighboring states by a significant margin.
- The record low proportion of the unemployed collecting benefits in Georgia conceals an even more significant problem of access to UI for low-wage, part-time workers and women workers. According to national and state survey data, these workers collect UI at rates that are two to three times lower than the average worker as a result of outdated and restrictive eligibility rules.
- Due to the state's favorable economic conditions, Georgia's UI trust fund is well positioned to handle an expansion of the UI program. The amount of reserves in Georgia's UI trust fund has increased by over 100% since the last recession. In 1999, the fund was sufficiently solvent to pay benefits for a period of two years during a peak recession without any additional funds being paid in to the system.
- Georgia's employers pay the lowest rate of UI taxes of all but one state in the U.S., far below the average rate of all the neighboring states. Since 1994, the UI tax rate in Georgia has dropped by 73%, to just 0.15% of the average employer's total payroll in 1999. If the state's employers had been paying at the 1994 UI tax rate (0.56%) for the years 1994-1999, the UI fund would have collected an additional \$900 million in revenue.
- This year, Georgia implemented what is widely regarded as the largest state UI tax cut in U.S. history. The UI "tax holiday" effectively places a moratorium on UI taxes for the vast majority of the state's employers, costing the state's UI trust fund almost a billion dollars over the period of four years.

In addition, the report surveys the specific features of the Georgia laws that contribute to the problems of access to the UI program. This analysis is then integrated with a detailed set of recommendations for state legislation modeled after similar reforms in other states and a bill that was introduced last year in the Georgia legislature (H.B. 1402). If adopted, the proposed

reforms, which have been enacted in a growing number of states, will go a long way to restoring equity in the Georgia UI system. In brief, the report recommends the following set of UI reforms:

- **Adopt the “alternative base period”, recognizing the recent earnings of workers who otherwise do not have sufficient wages to qualify for UI.** More than any other specific feature of Georgia UI law, the state’s standard for determining whether an individual has a sufficient wage history to qualify for UI negatively impacts part-time and low-wage workers. Arising from outdated record keeping practices, the current standard fails to include three to six months of a worker’s most recent earnings, penalizing those workers who most need to include recent wages to qualify for UI. To correct this inequity, Georgia should adopt an “alternative base period”. This reform, counting an individual’s recent earnings in those cases where the worker does not qualify under the existing base period, has recently been adopted in several states, often with broad bi-partisan support.
- **Georgia’s UI law should be reformed to recognize compelling domestic reasons for leaving work, taking into account the changing circumstances of today’s working families.** The UI system in Georgia is still premised on an outdated concept of today’s working families. For example, women workers, especially those who are single parents, are denied UI when they are forced to leave work to handle an emergency child care problem or when they survive domestic violence that follows them to the job. Three times as many women as men report leaving work for reasons associated with domestic circumstances. Under Georgia law, these workers are denied UI because the circumstances for leaving work are not “connected” to the job. Following the lead of several states, Georgia’s law should evolve with the changing labor market and recognize “undue family hardships” for leaving work as proposed under H.B. 1402.
- **Georgia’s workers should no longer be denied UI merely because they are seeking part-time rather than full-time employment.** Under Georgia law, all unemployed workers must be “available for full-time employment” to receive UI benefits. As a result, the large numbers of part-time workers – now a fixture in Georgia’s economy -- are categorically excluded from UI unless they seek and accept full-time work. However, part-time work is a necessity for many working families, especially households that are headed by women who often must work multiple jobs to balance their work and family obligations. Thus, Georgia law should be reformed to expressly allow part-time workers to be considered “available” for work where there is a demonstrated labor market for part-time employment.

The Georgia Department of Labor has estimated the annual costs of these reforms as \$19.5 million. Placed in context, this amounts to a small fraction of the 1999 billion dollar tax cut granted to Georgia’s businesses. It is also just one-fifth of the \$100 million that is generated each year as interest on the Georgia UI trust fund. The unemployment insurance system should be there in times of need to protect all workers, but especially those who are most in need of income support when unemployed. The robust economy of the past eight years has produced more than enough resources to pay for the measures proposed in this report. Given the significant problems of access to Georgia’s UI system, the time is therefore right to enact these long-overdue reforms.

I. THE GEORGIA ECONOMY

The state's strong economic performance since the recession of the early 1990s has produced significant benefits for many Georgians. Total state revenues increased from \$471 million to \$629 million (in deflated dollars) over the period 1993 to 1999. The economic expansion has added 781,000 net new jobs to the Georgia labor market.¹ And the unemployment rate as of October 2000 was down to 3.6%.² The new Georgia economy has brought prosperity to hundreds of thousands of Georgia's workers and their families.

However, not everyone is benefiting to the same extent from the strong economy. The low overall unemployment rate masks differences in unemployment by race, gender and region of the state. For example, 7.7% of Georgia's African-American workers remain unemployed.³ The average unemployment rate was also higher for women workers (4.4%). And in selected areas of the state, the official unemployment rate is still over 8%, even exceeding 10% in some places.⁴ Moreover, low wages for many workers contribute to the stability of Georgia's poverty rate, which has declined only slightly during the economic expansion, from 13.5% in 1993 to 12.9% in 1999.⁵ As a result, 24% of children under the age of six in Georgia continue to live in poverty.⁶

For these families, a prospering economy is not always enough to maintain their economic security. A more effective unemployment insurance program is also needed to insure that all of Georgia's workers who find themselves temporarily unemployed can get back on their feet, provide for their families and contribute to their communities.

Finally, as the latest economic reports indicate, the economic expansion may be slowing down. Nationally, the number of workers applying for first-time jobless benefits rose significantly during the last week of November.⁷ In addition, the unemployment rate may be leveling off, based on the latest figures issued for the month of November.⁸ If the economic expansion is indeed beginning to slow down, as some analysts seem to indicate,⁹ this increases the need for unemployment insurance reform to insure that benefits are available in Georgia to provide economic security to those most in need of UI.

II. THE UNEMPLOYMENT INSURANCE PROGRAM: SUPPORTING WORKING FAMILIES, EMPLOYERS AND LOCAL COMMUNITIES

Created as part of the Social Security Act of 1935, the unemployment insurance (UI) program responded to the significant need for a strong government support system to help the large numbers of the nation's unemployed. Studies show that, without UI, workers often quickly spend their savings and, in many cases, become destitute. Many are forced to rely instead on public assistance.¹⁰ However, the program's goals have always been much broader, not limited to meeting the immediate income support needs of the unemployed.

The UI program was also intended to serve as an "economic stabilizer" during difficult economic times. For example, incentives were created in the law to discourage employers from laying workers off wherever possible. Thus, UI taxes are "experience rated" so that the UI tax rate increases for those firms that lay off more workers who then receive UI benefits. Especially during severe economic pressures, this helps communities maintain a more stable economy, with fewer economic downturns and less volatile levels of employment. At the same time, UI benefits are spent by unemployed workers in their local communities, supporting the economy

and local businesses when hard times hit.

The *Atlanta Journal-Constitution* recently reported the impact that job-loss has on local businesses: layoffs cause a cycle of economic despair as the unemployed cannot afford to patronize local firms.¹¹ Research shows that the UI system can significantly help to interrupt this cycle. Without UI, the unemployed reduce their spending by 22%, while the spending level of unemployed workers drops only 7% when they collect UI.¹² As a leading analyst observed, this “consumption smoothing” aspect of UI benefits may, in fact, be “the primary benefit of UI.”¹³ These findings have special significance for the state’s communities suffering from the highest levels of unemployment.

The UI system also benefits employers and their employees, by sustaining workers while they find appropriate work that complements their jobs skills. As the leading historian of the UI program observed, “The compensation tends to preserve the workforce intact, with its particular skills, training, and experience, until it can be recalled . . . While this support of workforce retention may somewhat restrict the mobility of labor, it is of value to the employer, as well as to the worker and the community.”¹⁴ Unemployed workers with inadequate personal savings will be desperate for a job and will not be able to take the time to search carefully for employment that fully utilizes their work experience and skills. With temporary, partial wage replacement from UI, however, workers can look more carefully for an appropriate job match.¹⁵ As a result, employers can hire workers with the skills they need, conserving firms’ valuable labor assets and saving on training expenses. This can be particularly important in a tight labor market such as Georgia is currently experiencing.

In fact, Georgia’s UI law specifically allows employers to keep their skilled workers, rather than lay them off, under a program known as “partial” unemployment benefits. Under this feature of the UI program, workers remain employed in most cases, but they are provided UI during temporary work slowdowns of up to six weeks.¹⁶ Many Georgia employers schedule these short-term layoffs around slack times or over extended holidays, thus reducing their labor costs and insuring that the workers will return to the job. These claims, filed on behalf of the workers by their employers, account for a large proportion of the state’s UI caseload.¹⁷ While this program certainly supports workers who might otherwise be out of work, it is also a significant financial benefit for employers, who can tailor their workforce to meet cyclical or seasonal workload demands while ensuring that their skilled workers are available when needed.

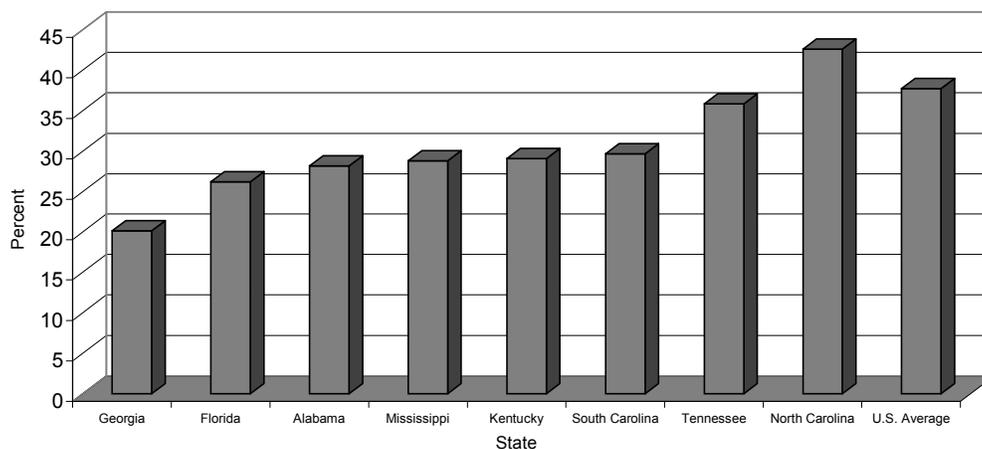
III. UNEMPLOYMENT BENEFITS UNAVAILABLE TO MOST GEORGIA WORKERS

Georgia’s unemployment insurance (UI) system is not working to meet its basic goal of providing a modest measure of income support to temporarily unemployed working families. The UI system has failed to keep pace with the fundamental changes in the labor market, including the growth of low-wage and part-time work and the vastly expanding role of women workers.¹⁸

The failings of the UI system are demonstrated, most prominently, in the dramatic decline in the percentage of the unemployed who are receiving unemployment benefits. Nationally, the

proportion of the unemployed receiving UI has dropped from an average of 49% in the 1950s and over 75% during the 1974-75 recession, to just 35% in the 1990s, with significant variation from state to state.¹⁹ The situation in Georgia is among the most severe in the country. Only 20.6% of the unemployed in Georgia received UI in 1999, which is almost half the national average of 38.7%. In 1999, only two states were at or below the Georgia reciprocity rate, including New Hampshire (20.6%) and South Dakota (19.2%).

Figure 1
Percent of Unemployed Collecting UI (Georgia & Neighboring States, 1999)



Source: U.S. Department of Labor, Office of Workforce Security

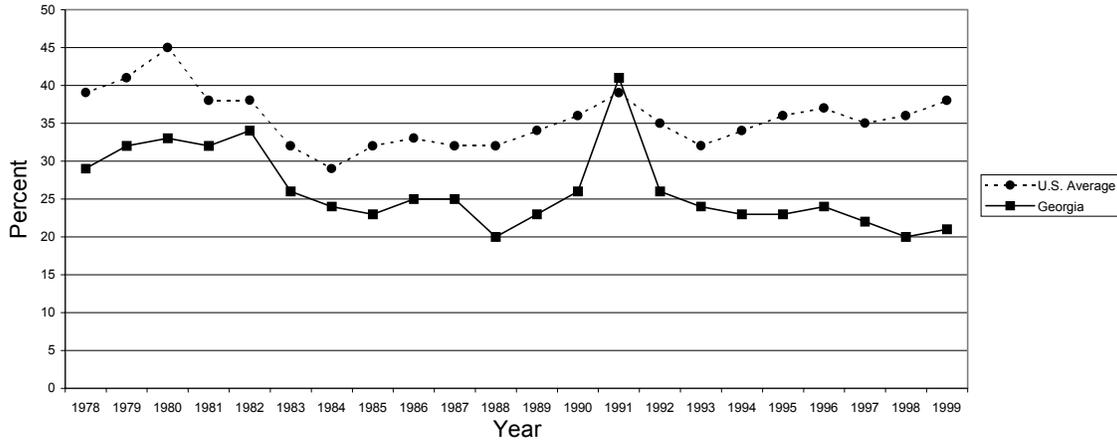
Not only is the Georgia reciprocity rate among the lowest in the country, it is also the lowest of all her neighboring states, as illustrated in Figure 1. The next closest state, Florida, provided benefits to 26.2% of the unemployed in 1999, while the neighboring state with the highest rate (North Carolina) provided benefits to 42.6% of its unemployed workers. In addition, Georgia's reciprocity rate drops to just 18.5% when the large numbers of the state's "partial" unemployment claims are not counted in the calculation. (As described earlier, these workers are employed, but they are still collecting UI for periods of temporary work slowdowns.)

Following the national trend, the reciprocity rate in Georgia has dropped steadily since the early 1980s. As Figure 2 illustrates, the rate in Georgia fell from a high of 34.4% in 1982 to the 1999 rate of 20.6%. The main exception to this trend occurred, as expected, during the recession of the early 1990s, when large numbers of the unemployed filed for benefits and received the federally funded extension allowing recipients to collect up to 20 weeks of additional UI. The declining rates correspond with a tightening of the eligibility rules in Georgia, which is also consistent with the national trend during this period.²⁰ However, while the national rate has begun to increase slightly in recent years, the Georgia rate has continued to drop from 23.7% in 1996.

It is also worth noting that the low reciprocity rate in Georgia does not correlate with lower unemployment given the comparable unemployment rates in most of the neighboring states.²¹ Indeed, in 1999, Georgia's unemployment rate was about the same as most of the neighboring

states, while the UI recipiency rate was significantly higher in all the other states in the region.

Figure 2
Percent of Unemployed Collecting UI (Georgia & U.S. Average, 1978-1999)



Source: U.S. Department of Labor, Office of Workforce Security

National and state studies²² have consistently shown that low-wage, part-time and women workers are far less likely to collect unemployment benefits than the average worker. For example, nationally for the years 1988-94, full-time workers collected unemployment benefits at almost three times the rate of part-time workers.²³ The recipiency rate for full-time workers was 47% versus just 16.7% for part-time workers. Similarly, unemployed low-wage workers were far less likely to collect UI than higher wage workers (22.5% versus 53.5% for higher-wage workers).²⁴ And only 23.3% of unemployed women received UI benefits, compared to 35.0% of jobless men.²⁵

Finally, it is important to emphasize that, contrary to some stereotypes, most part-time and low-wage workers are, in fact, significantly attached to the labor market. As a leading UI researcher observed, “the work commitment among part-time workers is substantial,” averaging well over 30 weeks of work (for those 16 years and older) nationally and 21.5 hours of work a week.²⁶ A study of the Texas UI system found that part-time workers who were failing to access the UI system were working 30 weeks a year at an average of 30 hours a week. Unemployed low-wage workers who were not receiving UI were employed an average of 35 weeks a year and 38 hours a week.²⁷

Thus, the average recipiency rate in Georgia of 20.6% likely conceals an even more serious problem for large segments of the state’s most vulnerable workers. Assuming that Georgia is not vastly different from other states, unemployed part-time and low-wage workers are, most likely, collecting unemployment benefits at half the rate of the average Georgia worker.

IV. GEORGIA’S QUALIFYING STANDARDS: BARRIERS TO UI FOR LOW-WAGE, PART-TIME AND WOMEN WORKERS

In order to evaluate the factors that contribute to Georgia's low reciprocity rate, it is instructive to look next at the qualifying requirements of the state's UI laws. That is, where in the process of qualifying for UI are benefits being denied to these workers? The answer, as described below, is that barriers to access exist at every level of the UI determination process in Georgia.

A. The Work History Rules Penalize Low-Wage, Part-Time & Women Workers

To qualify for UI in Georgia, an unemployed worker has to first establish a sufficient work history as defined by the law. As described below, Georgia laws defining the extent of work history needed to qualify for UI put low-wage, part-time and women workers at a significant disadvantage. This, in turn, contributes to Georgia's low reciprocity rate.

- **A worker's recent work history is ignored by the Georgia "base period"**

In Georgia, an individual's work history is defined as a stretch of time (called the "base period") that fails to include the latest three to six months of an individual's earnings. Instead, the base period covers the first four of the last five completed calendar quarters.²⁸ For example, if Sara applied for UI in mid-March 2000 – two and one-half months into the first calendar quarter – then her wage history under the base period starts way back on October 1, 1998, and ends on September 31, 1999. Thus, for the purposes of determining her UI eligibility, Sara is not credited for any wages earned from October 1, 1999 to mid-March 2000.

This UI provision defining how labor force attachment is measured dates back to a time of hand-processed record keeping which produced a substantial delay between the time that a worker's wages were reported by an employer and then made available to the state to begin processing an individual's claim for benefits. Thus, this approach is primarily the result of technological limitations which need not apply to today's more advanced claims processing systems.

A growing number of states have corrected for this inequity by adopting what is known as an "alternative base period" (ABP). The ABP allows an individual to include information about the most recent wages in the eligibility determination, but only when the adjustment is necessary because the worker failed to qualify under the standard base period. Most states that have adopted the ABP include the individual's most recent completed quarter, called the "lag quarter". The more generous formula, used in other states, includes the wages earned in the more recent, not yet completed, "filing quarter". In Sara's case, for example, she would at least be entitled to include the wages earned during the "lag quarter", the period from October 1, 1999 to December 31, 1999.

According to a national study of the states that have implemented the ABP, the discriminatory effect of this feature of Georgia's law is significant, especially for low-wage and part-time workers (the majority of whom are women).²⁹ For example, in New Jersey, the average earnings of those who qualified using the standard base period was \$21,966, while it dropped for ABP eligibles by 69%, to \$6,732. Similar income variations existed in the other states as well. Average hours of work are also much less for those who only qualify for UI using the ABP. For example, in Washington, the average number of hours worked by those who qualified using

the ABP was 1,024, 41% less than for those who qualified for UI using the standard base period (1,736 hours). According to a study of the Texas UI system, 23% of those who initially failed to qualify under the standard base period would have been found eligible under an ABP.³⁰

- **The rules measuring eligibility based on earnings, not hours of work, discriminate against low-wage workers**

In Georgia, eligibility for UI is measured by the amount of money an individual earns within the base period. To qualify, an individual must have earned at least \$1,560.³¹ On its face, this does not appear to be a large sum to earn in a one-year period of time, certainly not for middle- and higher-income workers. For example, Georgia's average weekly wage is slightly more than \$600, so an average worker can meet the \$1,560 monetary eligibility requirement in under three weeks of work. However, a minimum wage worker employed 30 hours a week needs over 10 weeks of work in Georgia to meet the earnings requirement.³² When coupled with the absence of an ABP, the minimum earnings requirement in Georgia creates a substantial barrier to UI eligibility for low-wage and part-time workers, thus also including many women workers.

- **The eligibility rules requiring earnings in two quarters penalize all part-time workers regardless of their income.**

Finally, Georgia law also requires that an individual have earnings in at least two quarters during the base period to qualify for UI. Elsewhere, the two-quarter earnings requirement has been documented to penalize part-time workers. According to a study of the Texas UI system, another state that has the two-quarter earnings requirement, 9.4% of all workers counted as unemployed failed this eligibility screen. In contrast, 17.5% of part-time workers earning below \$8.00 an hour failed the two-quarter earnings requirement. And 21.5% of part-time workers earning higher wages failed to qualify for UI, compared to just 3.9% of full-time workers earning higher wages.³³

B. Work & Family Restrictions Penalize Women Workers

Once an individual meets the first test to qualify for UI in Georgia -- that is, that he or she worked enough during the required period of time and earned sufficient wages -- the individual must show that he or she did not leave work for reasons that would be considered disqualifying. As described below, these rules in Georgia make it far more difficult for working families, especially single-parent households, to access the UI system.

In Georgia, leaving a job "voluntarily without good cause in connection with the individual's most recent work" is considered disqualifying.³⁴ The key phrase that limits access to UI for workers struggling to balance their work and family obligations is "in connection with the individual's most recent work." Many compelling family circumstances requiring workers to take off from work even for a day, such as an emergency child care problem or a court appearance to gain a protective order in a case of domestic violence, are thus disqualifying because they are not considered to be "connected" to the individual's work.

Georgia's law has been interpreted to allow for some limited "good cause" exceptions to this rule. By regulation, the exceptions apply in cases where the employer has "changed the terms and conditions of work". The regulations, authorized by a 1992 change in the law, specifically cover harassment on the job and situations where the worker's health is placed in jeopardy by conditions on the job.³⁵ Georgia also exempts workers who are fired because they missed work when the absence is caused by the claimant's illness or the illness of a family member.³⁶ However, over the years, Georgia has also enacted changes in the law making it increasingly more difficult for workers who are denied UI under these circumstances to qualify again later if they again become unemployed.³⁷

These restrictions on UI have a disproportionate impact on women workers. Not surprisingly, women workers are much more likely than their male co-workers to have to interrupt their employment because of family circumstances. Nationally, 23% of unemployed women separated from their last job because of pregnancy, childbirth or other family or personal reasons, while only 6% of unemployed men gave those reasons for their job-loss.³⁸ This contrasts with the limited set of circumstances for leaving work recognized under Georgia's law. Women workers, especially single parents with significant family responsibilities and low-wage workers who cannot afford reliable child care, are thus disproportionately penalized by the failure of Georgia law to accommodate family and other circumstances not considered to be directly attributable to their employment.

C. Part-Time Workers are Required to Accept Full-Time Work

To receive UI in Georgia, the worker must be continuously "available for work".³⁹ This is the third and final requirement to qualify for UI -- it applies after the individual has satisfied the multiple rules requiring sufficient attachment to the labor market and has established a qualifying reason for leaving work. In addition, the law requires all individuals to be "available for full-time employment", which has been interpreted to mean at least thirty hours of work a week.⁴⁰

As a result, those workers who must limit their hours to part-time work, whether due to domestic circumstances or other compelling reasons, are denied UI. This penalty applies even when the worker can show that there is a demand in the labor market for part-time work. It also applies despite the fact that UI payroll taxes are paid on behalf of part-time workers. The exclusion of part-time workers reflects a bias that these individuals are not truly committed to work, despite the clear evidence that part-time workers are very much attached to the labor market. The Georgia law also fails to take into account the substantial reliance families place on the income of part-time workers.

An analysis of the part-time workforce shows how important reduced-hours employees are to Georgia's economy. Part-time workers allow managers to tailor their workforce to different levels of consumer demand at different times of the day or week. In several industries and occupations in Georgia, a quarter or more of all workers are on part-time schedules, which suggests that these workers are contributing significantly to the success of the state's economy (Table 1).

Table 1. Part-Time Workers in Georgia by Industry and Occupation

	Percent of all part- timers employed in this industry or occupation	Percent of all workers in this industry or occupation who work part-time
Industry		
Insurance and real estate	3	59
Personal services exc. Household	2	38
Agricultural production	2	32
Eating and drinking places	24	32
Automobile and repair services	4	32
Private household services	7	28
Construction	9	26
Manufacturing: Aircraft and parts	1	26
Utilities and sanitary services	1	26
Educational services	2	25
Hospitals and health services	13	24
Occupation		
Private household service occupations	2	58
Post-secondary teachers	1	53
Sales, retail and personal service.	11	46
Personal service	6	46
Food service	7	43
Cleaning and building service	5	39
Freight, sock and materials handlers	3	37
Health technologists, technicians	2	36
Financial records processing	2	34
Farm workers	2	30
Construction trades	6	27
Mail and message processing	1	26

Source: Institute for Women's Policy Research analysis of the Current Population Survey, March Supplement, 1997 through 1999.

Part-time work makes it easier for some Georgians with family responsibilities to be wage-earners. In fact, this was the reason for working part-time given by 20% of part-timers in Georgia. But 14% of part-timers in Georgia cite the structure of jobs as limiting them to a part-time schedule, and an additional 9% report that their standard workweek is less than 35 hours per week. And contrary to some stereotypes, the income of part-time workers is considerable, as reflected by the fact that the median annual earnings for Georgia's part-timers is \$17,820.⁴¹

Part-time workers are more likely to be women than are full-time workers, as shown in Table 2. Women constitute 43% of Georgia's full-time workforce, and 61% of part-time workers.

They are somewhat younger on average than full-time workers, but two-fifths are in the prime working years of 35 to 54. They have significant attachment to the workforce, generally working more than 20 hours per week and 50 or more weeks each year. And they have important family responsibilities: nearly half have at least one child at home, and 16% are single mothers.⁴²

Table 2. Characteristics of Georgia's Full-Time and Part-Time Workers

Characteristic	Georgia's full-time workforce	Georgia's part-time workforce
Sex		
Men	57	39
Women	43	61
Race/Ethnicity ^a		
White	67	69
Black	31	31
American Indian, Eskimo, Asian/Pacific Islander	2	1
Hispanic	2	2
Age		
Less than 18	0	7
18 to 24	11	19
25 to 34	27	20
35 to 44	28	21
45 to 54	24	17
55 to 64	8	8
65 and older	2	7
Educational achievement		
Less than high school	12	27
High school degree or equivalent	37	33
Some college	26	25
College degree	25	15
Work hours		
Work 20 or more hours per week	--	54
Work 50 or more weeks per year	88	65
Have one or more children under age 18 at home	46	48
Single parent	13	16

^a Does not sum to 100, because Hispanics may be of any race.

Source: Institute for Women's Policy Research analysis of the Current Population Survey, March Supplement, 1997 through 1999.

D. The Value of Georgia's UI Benefits

Finally, once a worker qualifies for UI and regularly documents that he or she is searching for full-time work, then the individual can actually collect an unemployment check. However, as described below, the value of an individual's UI check and the number of weeks of benefits often vary significantly depending on the individual's wage history. Not surprisingly, low-

wage, part-time and women workers receive far less in unemployment benefits, often despite their significant work histories.

Over the past few years, the Georgia Legislature has increased the maximum UI benefit from \$224 a week to the current maximum benefit of \$274. The maximum benefit is available to workers earning at least \$28,500 in the base period. The maximum number of weeks of UI is 26, thus totaling \$7,124 in benefits for those workers receiving the maximum weekly benefit amount. In contrast, the minimum benefit, available to workers who earn at least \$1,248 in the base period, is \$39 per week. The minimum duration of benefits is 9 weeks, totaling \$351 in UI benefits.

To better appreciate how Georgia's UI benefit formula impacts different categories of workers, it is helpful to present a few simulations of benefits provided to low-wage and part-time workers. As illustrated in more detail in the sidebar, benefits tend to be significantly lower for these workers. For example, starting toward the bottom end of the UI benefits scale are those workers who are employed part-time for half the year, which is not an insignificant amount of work.⁴³ When working at a minimum wage job, these workers are entitled to \$56 a week in UI, lasting a maximum of 12 weeks (totaling \$672). Working full-time for the entire year, a minimum wage worker moves up to \$112 a week in UI benefits, lasting a maximum of 24 weeks (totaling \$2,688). The bias in the law in favor of full-time and full-year work is thus apparent. As reflected in the sidebar calculations, minimum wage workers also receive substantially less than higher wage workers, typically half as much as those earning just \$10.00 an hour.

On average, Georgia's workers stay on UI for a much shorter period of time than workers in any other state. According to the latest U.S. Department of Labor figures (for the third quarter of 2000), the average stay on UI in Georgia is just 9.1 weeks. That compares with a national average duration of 14 weeks. It is difficult to determine with any certainty what factors are contributing to this development. However, the substantial numbers of "partial" unemployment claims in Georgia could be playing a role, since these workers are called back to full-time work within limited periods of time. The UI benefits formula in Georgia, limiting many unemployed workers to 12 weeks of benefits, could be keeping the average down as well. Finally, the tight labor market is likely also a factor, although the duration of benefits in neighboring states is much higher than in Georgia despite otherwise comparable economic circumstances.

GEORGIA UI BENEFITS AVAILABLE TO LOW-WAGE & PART-TIME WORKERS			
Maximum Potential Unemployment Benefits			
<u>Required Earnings</u>	<u>Weekly Benefit Amount</u>	<u>Weeks of UI</u>	<u>Total UI</u>
\$28,500	\$274	26	\$7,124
Minimum Potential Unemployment Benefits			
<u>Required Earnings</u>	<u>Weekly Benefit Amount</u>	<u>Weeks of UI</u>	<u>Total UI</u>
\$1,560	\$39	9	\$351
UI Benefits Simulations for Low-Wage & Part-Time Workers			
<u>Type of Worker</u>	<u>Weekly Benefit Amount</u>	<u>Weeks of UI</u>	<u>Total UI</u>
Full-Time*/Full Year** \$10.00/ hour	\$217	24	\$5,208
Full-Time/Full Year \$5.15/hour	\$112	24	\$2,688
Part-Time***/Full Year \$10.00	\$108	24	\$2,592
Part-Time/Full Year \$5.15	\$56	24	\$1,344
Full-Time/Half Year**** \$10.00	\$217	12	\$2,604
Full-Time/Half Year \$5.15	\$112	12	\$1,344
Part-Time/Half Year \$10.00	\$108	12	\$1,296
Part-Time/Half Year \$5.15	\$56	12	\$672
<p>*Full-Time is defined as 40 hours of work a week. **Full-Year is defined as 52 weeks a year of work. ***Part-Time is defined as 20 hours of work a week. ****Half-Year is defined as 26 weeks of work falling in two calendar quarters.</p>			

HOW TO CALCULATE UI BENEFITS IN GEORGIA

Step 1: Calculating the Weekly Benefit Amount

To determine the weekly benefit amount of UI a worker is entitled to receive, combine the worker's earnings for the two highest quarters, then divide that sum by 48. If the result is less than \$39 (the minimum benefit under Georgia law), then the benefit amount is determined by dividing the highest one quarter of earnings by 24.

Example: If the individual worked at the minimum wage (\$5.15 an hour) for 20 hours a week and 26 weeks a year, he or she would have earned a total of \$2,678. Assuming these earnings are collected in at least two of the highest quarters during the individual's base period, then her weekly benefit amount would be \$56 (\$2,678 divided by 48 equals \$55.79).

Step 2: Calculating the Weeks of Benefits

To determine the number of weeks of UI benefits the worker will receive, divide the total base period wages by four, then divide that sum again by the weekly benefit amount calculated above.

Example: The minimum wage worker described above is entitled to 12 weeks of benefits, calculated by dividing the total wages (\$2,678) by four (which equals \$669.50) and then dividing the sum by the weekly benefit amount (\$56).

IV. The Financing Side of Georgia's UI System

Georgia's UI system, like all the state programs around the country, is funded by a payroll tax on employers. The revenue from the tax is then deposited in a UI trust fund that can only be used to provide unemployment benefits. Georgia employers are taxed on the first \$8,500 in wages paid to each employee. This is lower than the "taxable wage base" of twenty-nine other states.

The rate of the payroll tax charged to each employer varies from .04% to 5.4% depending on the employer's "experience rating." Experience rating, which exists to a greater and lesser degree in all of the states, refers to the practice of increasing the rate of the employer's UI payroll tax as the company lays off more workers. As described earlier, the intended effect of experience rating is to create an economic incentive in the law to avoid layoffs where possible. Finally, under Georgia law, the UI tax schedules are designed to increase or decrease depending on the solvency of the UI trust fund.

The Solvency of Georgia's UI Trust Fund

The solvency of Georgia's UI trust fund is determined by how much money is coming in to the UI system (i.e., contributions from employers determined according to the changing tax rates and experience rating) and how much money is being paid out in benefits.

The combination of the sustained low rate of unemployment since the last recession and the expanding tax base caused by the increased size of Georgia's workforce has meant that the trust fund's reserves have grown significantly. Georgia's trust fund balance thus increased by over 103% since the 1992 recession, from \$966 million to \$1.94 billion in 1999. On average, state trust fund balances across the country increased by 95% from 1992 to 1999, according to U.S. Department of Labor reports.

However, because of the expanding workforce, the potential liability for the UI system has increased as well. Thus, it is not enough to consider the level of reserves in the trust fund. It is also necessary to determine to what extent the trust fund can pay benefits in the event of an economic downturn taking into account the growth in the size of the workforce. The generally accepted solvency standard that takes these factors into account is called the "average high cost multiple" (AHCM).

The AHCM measures the number of years that a state could pay UI benefits at peak recessionary levels. The recommended AHCM is 1.0, meaning that a state trust fund can afford to pay at least one year of UI benefits during a severe recession without collecting any additional revenues. As of 1999, the AHCM in Georgia was 1.98, indicating that the state could pay benefits for almost two years during a peak recession. This is well above the generally accepted standard of 1.0, and it is far higher than the national average of 0.93. Thus, as of 1999, Georgia's trust fund was in excellent condition to provide for an expansion of UI benefits.

The UI "Tax Holiday" for Employers

Finally, it is instructive to consider how the recent changes in the UI tax laws have impacted the trust fund and to evaluate the favorable impact of these payroll tax cuts on employers. As described below, good economic times have resulted in significant savings for employers in the form of reduced UI taxes, but they have not led to an expansion of the UI system.

As illustrated in Figure 3, employer contributions to Georgia's UI system have dropped dramatically since 1994, after already starting off quite low. According to U.S. Department of Labor data, which measures the average UI tax rate as a percent of total wages, the Georgia tax rate dropped from 0.56% in 1994 to just 0.15% in 1999, a reduction of 73%.

Figure 3
Average UI Payroll Tax as a Percent of Total Wages (Georgia, 1979-99)

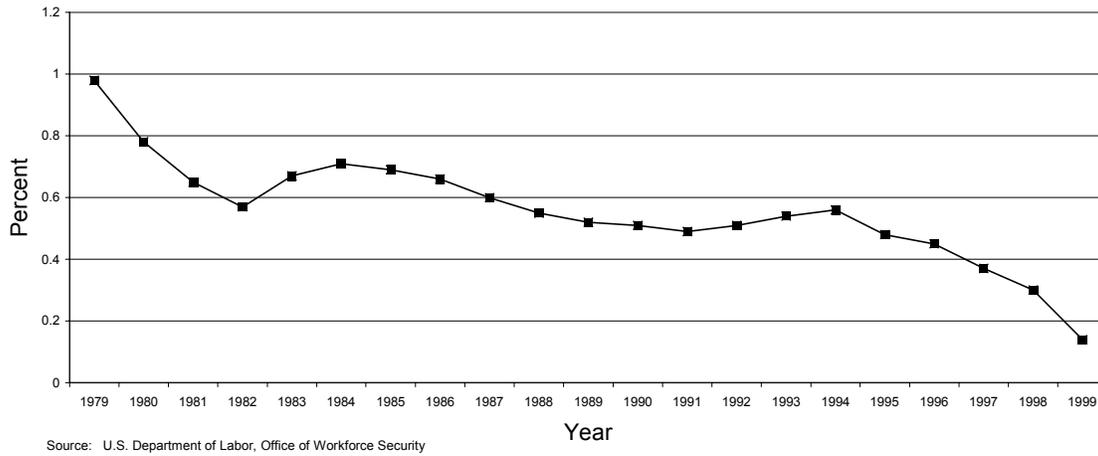
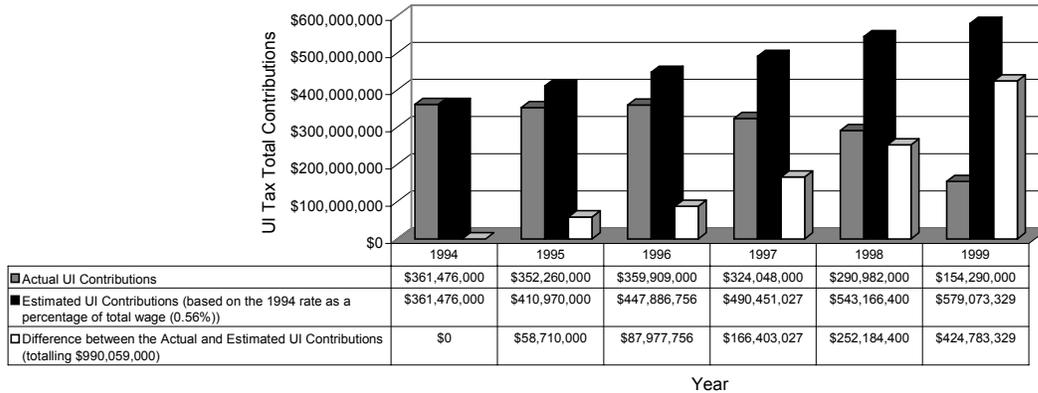


Figure 4 documents the impact of these payroll tax reductions on the state's trust fund. First, note that employer contributions to the UI fund have fallen significantly in Georgia, from \$361 million in 1994 to \$154 million in 1999. The declining tax rate and the drop in employer contributions is attributable to several factors, including the experience rating system (that is, with fewer layoffs, the employer tax is reduced), the tax schedules in Georgia that fluctuate along with the solvency of the fund, and the tax cut legislation, which is described in more detail below. By comparison, if Georgia employers had been paying at the 1994 tax rate of .56% for the period from 1994-1999, the UI fund would have collected an additional \$990 million in revenue. Thus, even before the major tax cut legislation of the late 1990s, Georgia's employers benefited significantly from a reduced UI tax burden.

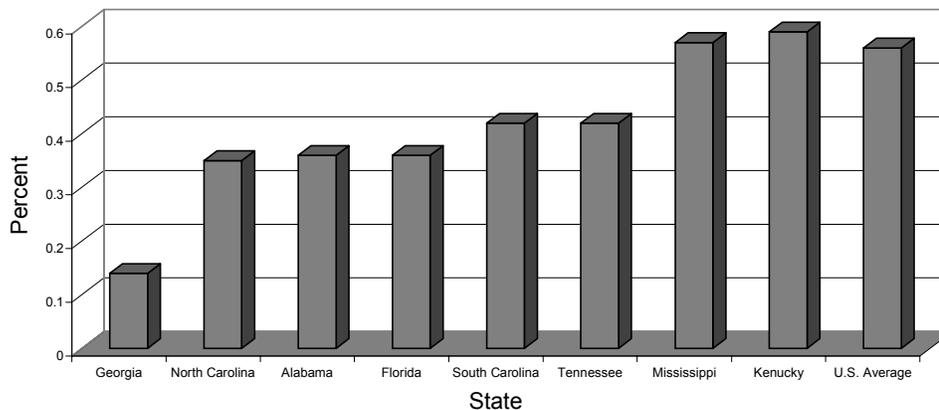
Figure 4
UI Tax Contributions in Georgia: A Comparison of Actual Yearly Totals with Estimated Totals Based on the 1994 Average UI Tax Rate



Source: U.S. Department of Labor, Office of Workforce Security

Again, Georgia's average UI tax rate on employers in 1999 was far below the national average and far below the rates for the other states in the region. The national rate dropped 38% during the period 1994 to 1999, ending up at .57%. Thus, the Georgia UI tax rate was only one-fourth the national average. In 1999, no state other than Kansas (0.13%) had a lower UI tax rate than Georgia. And, as illustrated in Figure 5, Georgia already had a much lower UI tax rate than any of the other states in the region. In 1999, the UI tax rates in the region ranged from a low of .35% in North Carolina to a high of .59% in Kentucky.

Figure 5
Average UI Payroll Tax Rate as a Percent of Total Wages (Georgia & Neighboring States, 1999)



Source: U.S. Department of Labor, Office of Workforce Security

Despite these record low tax rates, Georgia enacted legislation in 1998 cutting UI taxes in the state by about \$220 million. Then, in 1999, the Governor signed what is widely considered to be the largest state UI tax cut in history, sometimes referred to as Georgia's UI "tax holiday". The tax holiday legislation effectively places a moratorium on UI taxes for the vast majority of the state's employers until at least the year 2003. The Georgia Department of Labor estimates that the tax cut will save employers \$949 million over the next several years. Whatever the stated rationale for a tax cut of this magnitude, it is apparent that the legislation was not necessary to make Georgia's UI tax rate more competitive with other states. As far back as the 1970s, the Georgia UI tax rate on employers was already much lower than the rate of any other state in the region.

THE UI "TAX HOLIDAY" IN GEORGIA

On January 1, 2000, legislation took effect implementing Senate Bill 222, Georgia's Unemployment Insurance "Tax Holiday" law. Probably the single largest tax cut ever enacted in the U.S., the law essentially freezes UI payroll taxes for the vast majority of Georgia's employers until the year 2003, and possibly longer. The Georgia Department of Labor estimates that the total savings to employers (and the cost to the UI trust fund) will be \$949 million (Source: Georgia Department of Labor, Workforce Information & Analysis Division, "Tax Holiday Forecast" submitted to the 1999 Georgia General Assembly).

As described above, Georgia law sets forth a schedule of UI tax rates for different groups of employers, depending on their "experience rating". Those rates are then adjusted to reflect the solvency of the state's trust fund. The tax holiday legislation provides that employers will only have to pay 1% of their prior tax rate set by the UI tax schedules.

Thus, the UI payroll tax rates on employers now range from 0% to .05% of the first \$8,500 in earnings for each employee. This figure does not include a special administrative assessment of an additional .08% imposed by the state for other purposes. Currently, the largest number of Georgia employers are in the 0% tax bracket, thus they are not paying any UI payroll taxes. The one group that is not covered by the tax holiday are the "negative balance employers," which is about 1% of the state's employers. "Negative balance employers" are those businesses whose experience-rated trust fund accounts have reserves of less than zero because their UI benefit costs have exceeded payroll tax contributions. These companies are paying at the maximum rate of 5.4% on the first \$8,500 in earnings for each employee (a maximum of \$459 per worker).

The tax holiday sunsets in the year 2004, at which time employers will be paying again at the .04% to 5.4% rate on up to \$8,500 of each employee's earnings. As described above, this is still one of the very lowest UI tax rates of any state. However, if the trust fund falls below the solvency level designated in the new state legislation, then the tax cuts will automatically expire. Current projections indicate that the solvency level (1.25 "reserve ratio") could be reached by the year 2003. The "reserve ratio" is the percent of covered wages represented by the trust fund balance. In June 2000, the reserve ratio was 1.94.

V. POLICY RECOMMENDATIONS

In 1996, a bipartisan federal commission, the Advisory Council on Unemployment Compensation (ACUC), completed a three-year evaluation of the nation's unemployment system.⁴⁴ The ACUC issued a series of recommendations calling for substantial reforms to increase access to the UI system for low-wage, part-time and women workers. Citing the ACUC's work, state legislatures across the country have been actively evaluating their UI programs and advancing legislation to address the inequities in the UI system.⁴⁵ This year, a broad package of UI reforms was also proposed at the federal level, backed by an alliance of business, labor and federal and state agency officials.⁴⁶

As in Georgia, most states are now also benefiting from a build-up of UI trust funds, making it even more timely to debate long-overdue expansions of the UI program. Just in the past few years, states as politically diverse as North Carolina, Florida, Texas, California, Connecticut, Illinois, Massachusetts, New Hampshire, New Jersey, Washington and Wisconsin have enacted or are actively debating broad reforms to close the gaps in the UI program.⁴⁷ Recently, Governor Thompson of Wisconsin signed a comprehensive package of UI reforms specifically targeting the growing constituency of low-wage, women and part-time workers.⁴⁸

In Georgia as well, UI reform proposals are now actively being debated. Legislation has been introduced (H.B. 1402) that, if enacted, would close many of the most significant gaps in coverage that now deny UI to large numbers of Georgia's working families. A recent editorial in the *Atlanta Journal-Constitution* also called for reform of the unemployment insurance system to meet the needs of today's working families, while specifically supporting the proposed legislation.⁴⁹ Hearings on the legislation are scheduled for December 15th, thus initiating a broader debate about the merits of the proposed reforms. What follows is a discussion of a package of UI reform proposals that are based on the recommendations of the ACUC and model laws adopted in other states. Also contained in H.B. 1402, these reforms target those features of Georgia's UI program that especially disadvantage low-wage workers, part-time and women workers.

- **Adopt the “alternative base period”, thus recognizing the recent earnings of workers who otherwise do not have sufficient “base period” wages to qualify for UI in Georgia.**

The single most important reform that would bring more low-wage and part-time workers into Georgia's UI system is the “alternative base period” (ABP). The ABP is a key element of H.B. 1402, the UI reform bill pending last year before the Georgia Legislature. When the significant benefits of adopting the ABP in Georgia are measured against the limited costs of implementing an ABP, it is a proposal that is worthy of broad public support.

As described earlier, the ABP makes it possible for more low-wage and part-time workers to qualify for UI by counting their most recent earnings to measure monetary eligibility. Twelve states have enacted ABP legislation, including several states that have done so on a bipartisan basis in the past few years (among them, North Carolina, New Hampshire, New Jersey and Wisconsin). The ABP was a centerpiece of the recommendations for state legislation proposed

by the ACUC.⁵⁰

The U.S. Department of Labor commissioned a comprehensive national study to evaluate state experiences with the ABP, thus helping to inform decisions of other states considering ABP legislation.⁵¹ According to the Executive Summary, “[t]he principal finding of the study was that the costs of implementing an alternative base period are not significant when compared with the benefits offered to a wider range of claimants.”⁵² Depending on the state studied, the ABP benefited 6-11% of the UI caseload, including a disproportionate number of low-wage and part-time workers. For example, in Washington, the average wage of ABP eligibles was 57% lower than it was for those who qualified using the regular base period, and it was 69% lower for ABP eligibles in New Jersey.⁵³

The state variation of 6-11% is the result of several factors. The rate was consistently lower in those states that include only the most recently completed “lag quarter” wages as part of their ABP, not the wages earned in the not-yet-completed “filing quarter”. Most states that have adopted the ABP still do not count an individual’s wages earned in the filing quarter to measure whether he or she earned enough to qualify for UI. Also significant is the fact that a large proportion of claimants who qualify under the ABP – 39%, according to a Washington study – would be eligible under the regular base period if they waited to file their claims in the next calendar quarter. Thus, the estimate of the impact of the ABP on reciprocity does not factor in the number of workers who would eventually qualify (after a three- to six-month delay) under the standard base period.

In addition to measuring the favorable impact on claimants, the research has also documented the modest impact of the ABP on UI trust funds and state treasuries. Most studies have found that the costs to UI trust funds rose from 4-6% a year upon implementation of an ABP that counts an individual’s “lag quarter” wages.⁵⁴ Trust fund costs are lower than the 6-11% expected eligibility increases because claimants using ABPs get lower than average UI benefits based on their lower qualifying earnings. Moreover, the actual cost of ABPs are further reduced when consideration is given to the proportion of claimants who would have received UI eventually, simply by filing for UI benefits in a later quarter. The Georgia Department of Labor estimates that the ABP will cost the trust fund \$9.1 million, which is based on the national research described above.⁵⁵

It is also likely that the ABP will produce a favorable impact on state treasuries due to savings associated with payment of public assistance. According to the national ABP report, “implementing an alternative base period program may reduce the burden on welfare programs by providing workers who are ineligible for UI benefits under the regular base period definition, an income source they should be entitled to.”⁵⁶ This has special significance in Georgia and other states where an increasing number of low-income families are now working due in part to changes in the state’s welfare program.

Finally, the costs of administering the ABP are also not considered to be a barrier to implementation, according to the national survey of the states. New Jersey, which kept the best records concerning its administrative costs, found that its one-time implementation costs were \$1.4 million, including the costs of software changes, personnel training, and hardware purchases. As noted in the report, New Jersey’s ABP includes 15 separate eligibility steps

because the New Jersey ABP counts an individual's filing quarter wages, thus involving more hand processing of claims and increased administrative costs. As a result, New Jersey represents the upper limit, or worst-case scenario. Other ABP states, especially those that only count the lag quarter wages, had far more modest administrative costs.

- **Georgia's UI law should recognize compelling domestic reasons for leaving work, thus taking into account the changing circumstances of today's working families**

The UI system in Georgia is still premised in large part on outdated concepts of work and family roles.⁵⁷ For example, women workers, especially single headed households, are denied UI when they are forced to leave work to handle an emergency child care problem or when they are the victims of domestic violence that follows them to the job. As described above, three times as many women as men report leaving work for reasons associated with these and other compelling domestic circumstances. Yet, under Georgia law, they are denied UI because domestic circumstances are not directly "connect[ed] with the individual's most recent work."

As far back as 1975, the U.S. Department of Labor called on the states to "change by legislation the legal inequities between the sexes" in relation to the UI system.⁵⁸ While still not the norm, about half the states have enacted special provisions in their UI laws covering certain domestic circumstances.⁵⁹ Many of these states extend UI to cover an unspecified range of "compelling and necessitous" individual circumstances for leaving work. Other states have carved out exceptions to cover more specific situations such as domestic violence, child care, illness of family members, and other compelling family needs.

Most notably, in the past few years thirteen states have enacted laws providing UI to workers who were forced to leave their jobs due to domestic violence. North Carolina recently enacted legislation creating an "undue family hardship" provision, covering workers who refuse a shift work change that would interfere with the ability to care for a minor child or to care for a disabled or aging parent. In recent years, a growing number of states have enacted other laws expanding UI to cover circumstances where women and men are forced to leave work due to compelling family needs.⁶⁰

To eliminate these historical inequities in the UI system and begin recognizing the changing circumstances of today's working families, Georgia's UI law should be reformed consistent with the provisions in H.B. 1402. Section 3 of the bill creates an "undue family hardship" exception under the UI law, specifically covering domestic violence, childcare responsibilities, and situations where the individual is forced to leave work to care for a sick or elder family member. The family care exceptions of the bill were narrowly drafted to apply only where there is no reasonable alternative available to the claimant but to leave work and provide the needed child and elder family care. Thus, the Georgia Department of Labor estimates that this provision, if adopted, would provide about \$10 million a year in benefits to the eligible workers.

These proposed reforms are consistent with the recommendations of the ACUC,⁶¹ a 1980 national UI commission,⁶² and the National Commission on Employment Policy.⁶³ Finally, it is important to emphasize that where an individual recovers UI due to these changes in the law, the claim is not charged against the employer's UI tax rate. Instead, as in most states, the

Georgia proposal would allow such payments to be considered “non-charged” benefits, meaning that the benefits are absorbed by the UI trust fund and not by individual employers.

- **Georgia’s workers should no longer be denied UI merely because they are seeking part-time rather than full-time employment.**

As described above, part-time workers are much less likely to recover UI, despite the fact that they have a significant attachment to the labor market and that they are relied on so prominently by Georgia’s employers. Full-time workers are three times more likely to recover unemployment benefits than part-time workers. However, part-time work is a necessity for many working families, especially households that are headed by women who work part-time to balance their work and family obligations.

The most conspicuous feature of Georgia law that contributes to this outdated treatment of part-time workers is the provision requiring that all workers be “available for full-time employment.” Unfortunately, Georgia’s law is not usual in this regard. However, in contrast to Georgia, most states have not expressly prohibited part-time workers from being considered available for work, often leaving the question open for the courts to decide. Still, many states have enacted laws that provide benefits to part-time workers when the individuals have a history of part-time employment. Still others apply a rule that an individual who limits his or her work search to part-time employment is considered “available” for work provided there is good cause for restricting availability for work and there is a labor market in the area for part-time work.⁶⁴ Several states, including Wisconsin, New Hampshire, Massachusetts and Illinois, are considering proposals to expand their UI laws to cover more part-time workers.

As recommended by the ACUC and other leading authorities,⁶⁵ and as proposed by H.B. 1402, Georgia’s law should be amended to expressly allow part-time workers to be considered “available” for work in appropriate circumstances. Eligibility should be extended to all part-time workers, not just to those workers with a history of part-time employment. As provided in H.B. 1402, workers should be permitted to restrict their availability to part-time work, so long as there is a substantial labor market for part-time work in the area. The Georgia Department of Labor estimated that this provision, if enacted, would cost the UI trust fund \$432,000, which is not a significant amount given the potential benefit to the state’s workers.⁶⁶ In addition, the fact is that the UI payroll tax already covers all workers, including part-time workers.

VI. CONCLUSION

This report, documenting the limited access to Georgia’s UI system, provides an opportunity to reevaluate the state’s UI laws and debate reforms that promote greater equity in the treatment of low-wage, part-time and women workers and reflect the evolving needs of today’s working families.

Fortunately, with the economic expansion of the past several years, Georgia has been accumulating vast reserves in its UI trust fund sufficient to finance a significant expansion of the program and pay benefits even in the event of a severe economic downturn. Certainly, the cost

of the proposed reforms described above, totaling \$19.5 million a year, is modest and reasonable compared to the UI funds that are available. For example, the latest round of tax cuts are projected to total \$949 million over four years, which amounts to about \$19.8 million a month, roughly the yearly cost of the reforms proposed by H.B. 1402.⁶⁷

In addition, while the UI tax collections have declined significantly during the period of the tax holiday, the federal interest earned on the trust fund continues to build, averaging about \$100 million a year according to the projections of the Georgia Department of Labor. Moreover, when the tax cut is lifted by the Year 2004, tax collections will increase five-fold, to about \$500 million a year.⁶⁸ Thus, by any of several measures, it is apparent that Georgia's trust fund is well positioned to handle the cost of the proposed benefit expansions. Given the significant need for UI reform, now is the time to enact the long-overdue adjustments in Georgia's UI program.

Endnotes

- ¹ Georgia Department of Labor, "Georgia Economic Indicators, Historic Series, 1985-1999 Data" (2000).
- ² U.S. Department of Labor, Bureau of Labor Statistics, Seasonally-Adjusted Unemployment Rates, October 2000.
- ³ Georgia Department of Labor, "1999 Population/Labor Force Data for Affirmative Action."
- ⁴ Georgia Department of Labor, "Cities Labor Force Estimates" (for example, the unemployment rate exceeded 8% in Brainbridge and Moultrie, and 10% in Griffin).
- ⁵ U.S. Census Bureau, "Historical Poverty Tables," Table 21 (available on-line at www.census.gov/hhes/poverty/histpov/hstpov21.html).
- ⁶ National Center for Children in Poverty, "Summary of State-Specific Findings from Map and Track: State Initiatives for Young Children and Families."
- ⁷ U.S. Department of Labor, Employment and Training Administration Press Release, "Unemployment Insurance Weekly Claims Report, November 30, 2000."
- ⁸ "U.S. Jobs Report is Another Indication of Slowing Economy," *New York Times* (December 9, 2000).
- ⁹ "U.S. Jobless Claims Rise Not Seen as Recession Signal," *Reuters New Service*, November 30, 2000.
- ¹⁰ For example, according to the U.S. Congressional Budget Office, about 45% of those UI recipients who received benefits for more than 16 weeks would have fallen below the poverty line in the absence of UI benefits. U.S. Congressional Budget Office, *Family Incomes of Unemployment Insurance Recipients and the Implications for Extended Benefits* (1990), at x-xi
- ¹¹ "In Stewart County, Life is Slowly Winding Down," *Atlanta Journal-Constitution* (September 18, 2000).
- ¹² Jonathan Gruber, "The Consumption Smoothing Benefits of Unemployment Insurance," *American Economic Review* 87(1):192-205 (1997), at 192. A recent study published by the U.S. Department of Labor also concluded that "the UI program . . . is probably one of the most effective automatic stabilizers available in the economy to dampen the severity of downturns in GDP." Lawrence Chimerine, Theodore S. Black and Lester Coffey, *Unemployment Insurance as an Automatic Stabilizer: Evidence of Effectiveness Over Three Decades*, U.S. Department of Labor, Unemployment Insurance Occasional Paper 99-8 (July 1999).
- ¹³ "The Consumption Smoothing Benefits of Unemployment Insurance," at 195.
- ¹⁴ Saul Blaustein, *Unemployment Insurance in the United States: The First Half Century* (W.E. Upjohn Institute, 1993), at 63.
- ¹⁵ Daron Acemoglu, and Robert Shimer, "Productivity Gains from Unemployment Insurance," NBER Working Paper 7352 (1999).
- ¹⁶ According to Georgia's regulations, "partial unemployment" benefits are available when "an individual is attached to the individual's regular employer and works less than full-time, due only to lack of work"
- ¹⁷ Georgia Rules, Section 300-2-1-.01(7)(c).
- ¹⁷ Discussion with Walter N. Adams, former Georgia Assistant Commissioner of Unemployment Insurance (June 5, 2000).
- ¹⁸ Advisory Council on Unemployment Compensation, *Collected Findings & Recommendations: 1994-1996*; U.S. Department of Labor, "A Dialogue: Unemployment Insurance and Employment Service Programs" (1998).
- ¹⁹ Unless otherwise indicated, the UI data reported in this study were provided by the U.S. Department of Labor, Office of Workforce Security for the end of the 1999 calendar year (calendar year 2000 data were not published as of December 2000). The reciprocity rates (i.e., the percent of the unemployed receiving UI) vary dramatically from state to state. In 1999, the state with the highest rate of unemployed workers receiving UI was Alaska at 65.7%, while the lowest state was South Dakota where only 19.2% received unemployment benefits.
- ²⁰ U.S. General Accounting Office, *Unemployment Insurance: Program's Ability to Meet Objectives Jeopardized* (1993); Marc Baldwin, Rick McHugh, *Unprepared for Recession: The Erosion of State Unemployment Insurance Covered Fostered by Public Policy in the 1980s* (Economic Policy Institute, 1992).

²¹ According to the U.S. Bureau of Labor Statistics, Georgia's seasonally-adjusted unemployment rate in October 2000 was 3.6%. The unemployment rates for the neighboring states were as follows: South Carolina (2.5%), Florida (3.7%), North Carolina (3.7%), Tennessee (3.7%), Kentucky (3.9%), Alabama (4.4%) and Mississippi (5.2%).

²² Specific data on Georgia is not available to document the UI reciprocity rate of low wage and part-time workers.

²³ Maurice Emsellem, Katherine Allen, Lois Shaw, *The Texas Unemployment Insurance System: Barriers to Access for Low-Wage, Part-Time and Women Workers* (National Employment Law Project, Institute for Women's Policy Research, 1999), Table 2 (Appendix) (referred to hereafter as *The Texas Unemployment Insurance System*). For the purposes of the study, part-time work was defined to include those workers who were employed for less than 35 hours a week for the majority of months in the base period.

²⁴ *The Texas Unemployment Insurance System*, at Table 2 (Appendix). For the purposes of the study, low-wage work was defined to include those workers who earned less than \$8.00 an hour.

²⁵ *The Texas Unemployment Insurance System*, at Table 3 (Appendix).

²⁶ Wayne Vroman, *Labor Market Changes and Unemployment Insurance Benefit Availability* (U.S. Department of Labor, January 1998), at 9.

²⁷ *The Texas Unemployment Insurance System*, at 2-3.

²⁸ O.C.G.A. Section 34-8-21.

²⁹ Planmatics, Inc., *Demographic Profile of Unemployment Insurance Recipients Under the Alternative Base Period* (Vol. V) (1997), at 4-5.

³⁰ *The Texas Unemployment Insurance System*, at 4.

³¹ The Georgia statute does not specify the total dollar amount required to be earned in the base period to qualify for UI. Instead, the amount has to be calculated by applying the eligibility formula. At a minimum, the statute requires the claimant to have earned wages in at least two quarters that add up to at least 40 times the weekly benefits. Since the minimum weekly benefit amount in Georgia is \$39, then the minimum earnings required is \$1,560 (\$39 times 40 equals \$1,560). O.C.G.A. Sections 34-8-193(a), (b).

³² In Texas, close to 30% of those who worked part-time in low-wage jobs failed to qualify as a result of the minimum earnings requirement of \$1,720. This was more than three times the rate for higher-wage, part-time workers (8.8%). *The Texas Unemployment Insurance System*, at 5.

³³ *The Texas Unemployment Insurance System*, at 5.

³⁴ O.C.G.A. Section 34-8-194(1).

³⁵ Georgia Rules, Section 300-2-9-.05(1).

³⁶ O.C.G.A. Section 34-8-194(2)(A)(iii).

³⁷ Before 1992, to requalify for UI, an individual was required to have been reemployed and earned at least 8 times his or her weekly benefit amount. In 1992, the law was changed to increase the provision to require new earnings totaling at least 10 times the individual's weekly benefit amount. The law was also changed to expand the "misconduct" rules and the requalifying requirements for workers who are denied UI under the stricter definitions of misconduct. O.C.G.A. Sections 34-8-194(2)(A), (2)(A)(i) and (ii).

³⁸ *The Texas Unemployment Insurance System*, at Table 6.

³⁹ O.C.G.A. Section 34-8-195(a)(3)(A).

⁴⁰ O.C.G.A. Section 34-8-195(a)(3)(A); Georgia Rules, Section 300-2-1-.01(9)(d).

⁴¹ Institute for Women's Policy Research, Analysis of Current Population Survey, March Supplement, 1997 to 1999 (earnings data are in 1999 dollars).

⁴² *Id.*

⁴³ Note that the calculations prepared for the sidebar refer to an individual's wage history of part-time work. However, as discussed above, to continue to qualify for UI in Georgia, part-time workers would have to be looking for full-time work.

⁴⁴ Advisory Council on Unemployment Compensation, *Collected Findings and Recommendations: 1994-1996* (1996).

⁴⁵ National Employment Law Project, "State Legislative Highlights (1996-2000): Expanding Unemployment Insurance for Low-Wage, Women and Contingent Workers" (Revised July 2000).

⁴⁶ For more details on the federal "consensus" package, see the statement of the business lobbying

organization, the UWC. Joint Comprehensive Unemployment Insurance/Employment Services Reform Proposal (available on-line at www.UCWstrategy.org/ReformUI/reform_expln.html). NELP's summary ("Unemployment Insurance Proposal Offers Significant Federal Improvements", dated August 3, 2000), is available on-line at <http://www.nelp.org/pub22.pdf>. The last action taken on the proposed federal reforms, which were drafted late in the legislative session, was a hearing in the Fall held by the U.S. House of Representatives, Ways & Means Committee, Subcommittee on Human Resources.

⁴⁷ "State Legislative Highlights (1996-2000)," at 2-4.

⁴⁸ "Jobless Insurance Ready to Take a Friendly Turn," *Milwaukee Journal Sentinel* (October 24, 1999).

⁴⁹ Editorial, "Families Changing; Government Must, Too," *Atlanta Journal-Constitution* (November 6, 2000).

⁵⁰ Advisory Council on Unemployment Compensation, *Unemployment Insurance in the United States: Benefits, Financing, Coverage* (February 1995), at 17. ("All states should use a movable base period in cases in which its use would qualify an Unemployment Insurance claimant to meet the state's monetary eligibility requirements.")

⁵¹ Planmatics, Inc., *Summary of Findings on the Alternative Base Period* (Vol. I); *Impact of the Alternative Base Period on Administrative Costs* (Vol. II); *Impact of the Alternative Base Period on Employers* (Vol. III); *Impact of the Alternative Base Period on the Trust Fund* (Vol. IV); *Demographic Profile of Unemployment Insurance Recipients Under the Alternative Base Period* (Vol. V); *Handbook for Implementing the Alternative Base Period* (Vol. VI) (October 1997).

⁵² *Summary of Findings on the Alternative Base Period*, at 3.

⁵³ *Id.* at 4.

⁵⁴ Wayne Vroman, *Alternative Base Period in Unemployment Insurance: Final Report* (Urban Institute, January 1995), at 2.

⁵⁵ Georgia Department of Labor Memorandum on H.B. 1402, dated February 23, 2000, at 1.

⁵⁶ *Summary of Findings on the Alternative Base Period*, at 5.

⁵⁷ Diana Pearce, "Toil and Trouble: Women and Unemployment Compensation," 10 *Journal of Women in Culture & Society* 439, 443 (1985); Martin Malin, "Unemployment Compensation in a Time of Increasing Work-Family Conflicts," 20 *U. Michigan Journal of Law Reform* 131 (1996).

⁵⁸ U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Program Letter No. 33-75 (December 8, 1975).

⁵⁹ National Association of Child Advocates, "Unemployment Insurance for Low-Income Families: New Challenges for Child Advocates" (July 1998), at 4-5.

⁶⁰ "State Legislative Highlights (1996-2000)," at 3-4.

⁶¹ Advisory Council on Unemployment Compensation, *Defining Federal and State Roles in Unemployment Insurance* (1996), Recommendation #8, at 12-13.

⁶² National Commission on Unemployment Compensation, *Unemployment Compensation: Final Report* (1980) at 49 ("there should be no disqualification in the case of voluntary quit for 'good cause', including sexual harassment and compelling family circumstances.")

⁶³ National Commission on Employment Policy, Institute for Women's Policy Research, *Unemployment Insurance: Barriers to Access for Women and Part-Time Workers* (July 1995), at 41-46.

⁶⁴ California, Delaware and the District of Columbia include part-time work within their state law definition of "availability." California requires a claimant to show "good cause" for limiting his or her work search to part-time work and to establish that there is a labor market for such work to qualify for UI. Colorado, Massachusetts and New Jersey, permit UI claimants with a history of part-time work to satisfy their availability requirements while limiting their work search to part-time work. Montana law permits a UI claimant to limit availability to less than a full week of work. For more detail, see NELP's fact sheet entitled, "Part-Time Work and Unemployment Insurance: Expanding UI for Low-Wage, Women & Part-Time Workers" (October 2000).

⁶⁵ Advisory Council on Unemployment Compensation, *Unemployment Insurance in the United States: Benefits, Financing, Coverage* (1995), Recommendation #20, at 18-19 ("Workers who meet a state's monetary eligibility requirements should not be precluded from receiving Unemployment Insurance benefits merely because they are seeking part-time, rather than full-time, employment."); National

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Commission on Employment Policy, Institute for Women's Policy Research, *Unemployment Insurance: Barriers to Access for Women and Part-Time Workers* (July 1995), at 41-46.; Wayne Vroman, Stephen Woodbury, *Increasing Unemployment Insurance Benefit Reciprocity* (December 1996), at 10-18.

⁶⁶ Georgia Department of Labor, Memorandum on H.B. 1402, dated February 23, 2000, at 2.

⁶⁷ Georgia Department of Labor, Workforce Information & Analysis Division, "Tax Holiday Forecast" Submitted to the 1999 Georgia General Assembly.

⁶⁸ *Id.*