

Fact Sheet

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Today's Women Workers: Shut Out of Yesterday's Unemployment Insurance System

The Unemployment Insurance (UI) system is designed to provide temporary income assistance to workers who become unemployed through no fault of their own. Benefits are not distributed equitably to all those who work, however; women, low-wage, and part-time workers are less likely than men, higher-wage, and full-time workers to qualify for and receive UI benefits. While 35 percent of unemployed men are supported by the UI system, only 23 percent of unemployed women are.¹

This Fact Sheet discusses two aspects of the UI system that prevent many women from receiving the UI benefits they have earned: (1) monetary eligibility criteria, and (2) the exclusion of part-time workers. It also reviews other barriers to UI receipt and policy changes that would extend support of this fundamental employment-based program to more working women.

Why UI Is Becoming More Important to Women and Their Families

One of the biggest changes in American society in the last 100 years has been the growth of women in the labor force, and especially in mothers' employment. Starting at about 20 percent in 1930, women's rate of labor force activity doubled by 1970 and tripled by 1999, to 60 percent. Mothers are even more likely than women overall to be in the labor force: In 1999, 70 percent of married mothers and 73 percent of single mothers were employed outside the home.²

Along with this increased employment activity has come increasing responsibility for family economic security. On average, women in the workforce—including employed mothers—bring in around one-third of their families' total income.³ When these women are out of work, their lost earnings leave an income gap that UI can, and should, help to fill.

Obstacles Preventing Women from Receiving UI

Nearly all states require workers to meet an earnings standard in order to receive UI benefits.⁴ In effect, monetary eligibility criteria require low-wage workers to work more hours in order to qualify for UI benefits than high-wage workers must work. Thus, it is not surprising that low-wage workers have a much lower rate of UI reciprocity than high-wage workers: Two-fifths of unemployed high-wage workers receive UI, but fewer than one in five low-wage workers do.⁵ While some minimum earnings or work hour requirements may make sense in determining eligibility, requirements that are too high exclude many low-wage workers with substantial work histories. Since women are a majority (60 percent) of low-wage workers, this barrier to UI receipt has a disproportionate impact on women workers.⁶

Exclusion of recent earnings in determining eligibility

Most states count only earnings received during a standard base period (SBP) toward the monetary eligibility standard.

The SBP is typically defined as the first four of the five most recently completed calendar quarters. For example, for a worker losing a job in May 2001, the SBP would exclude all wages earned from April 1 through the end of the worker's employment, since that period is an uncompleted calendar quarter. It would also exclude earnings received between January 1 and March 31, 2001, because that is the fifth of the five most recently completed calendar quarters (the "lag" quarter). Only the worker's earnings from January 1 to December 31, 2000, would be used in calculating earnings eligibility. Since women are slightly more likely than men to have been in their current job a year or less, this exclusion of recent earnings has a greater impact on women's UI eligibility. For example, in Florida, which requires a minimum of \$3,400 in earnings in the SBP, twice as many additional women as men would meet the earnings standard if lag quarter earnings were acknowledged (18 percent and 9 percent more respectively).⁷

Exclusion of part-time workers

In many states, UI claimants looking for part-time work are not eligible for UI, even if they have historically worked part-time or have family obligations (such as child care) that preclude full-time work.⁸

Part-time workers represent a major component of the workforce. Nearly one in five workers is employed part-time (defined as working less than 35 hours per week). Contrary to a common misperception, most part-time workers are not young adults still in school: Sixty percent are over the age of 25, with an average age of 35 (compared with an average age of 39 among full-time workers). Part-time workers are concentrated in the retail and service sectors, which represent 39 percent and 43 percent of part-time jobs, respectively.⁹

While women comprise 44 percent of the full-time workforce, they account for 70 percent of all part-timers.¹⁰ Approximately one in three women works part-time.¹¹ Women are more likely than men to work part-time during their "peak" earning years: Thirty percent of women aged 25-54 work part-time, while only 13 percent of men in this age group do.¹²

Part-time workers earn substantially less than full-time workers. Controlling for personal characteristics (such as age and education), hourly wages among women working part-time are 20 percent lower than those of women working full-time. The difference is even more pronounced among men, with part-timers earning 27 percent less than full-timers.¹³

Despite the high costs associated with part-time work, there is evidence that both employers and employees want this option. Over the past three decades, the number of people voluntarily working part-time has increased, growing from 13.5 percent of the workforce in 1973 to 17.5 percent in 1998. Men who voluntarily work part-time cite school attendance as the reason for their preference; women are more likely to cite family and personal obligations.¹⁴

Other barriers

Other eligibility criteria deny UI benefits to many women workers who need them. Workers whose employment ends as a result of domestic violence or sexual harassment are frequently not covered by UI. Quitting a job because of family care-giving responsibilities is typically considered to be a “voluntary” quit, which disqualifies claimants from UI. Requirements about the distribution of earnings within the base period make it more difficult for seasonal workers, and those cycling in and out of work, to qualify for UI.¹⁵ Many workers in non-standard work arrangements (other than regular part-time) are ineligible for UI; since one in eight employed women work in these jobs (as temporary help, on-call/day laborers, self-employed, independent contractors, or through a contract company), this is an important issue for women’s economic security.¹⁶

Modernizing the UI System

The UI program has been modified many times over its 70-year history. In the mid-1940s, for instance, many states declared that women who were fired because of marriage or pregnancy bars could not receive UI benefits; and, in the 1980s, monetary eligibility criteria were raised. Overall, eligibility standards are much more complex now than when the system was enacted in 1935.¹⁷

Changes can be made now to modernize the UI program and make it more equitable.¹⁸ The Advisory Council on Unemployment Compensation recommended updating UI by including recent earnings in the monetary eligibility determination and covering workers who are looking for part-time employment.¹⁹ These changes would allow the UI system to better meet the needs and reward the work effort of the entire contemporary workforce.

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End Notes

- ¹ Maurice Emsellem, Katherine Allen and Lois Shaw, *The Texas Unemployment Insurance System: Barriers to Access for Low-Wage, Part-Time and Women Workers* (New York: National Employment Law Project, 1999).
- ² U.S. Bureau of the Census, *Fifteenth Census of the United States: 1930* (Washington, D.C.: Bureau of the Census, 1932); U.S. Bureau of the Census, *Statistical Abstract of the United States: 2000* (Washington, DC: Bureau of the Census, 2001).
- ³ Howard V. Hayghe, “Working Wives’ Contributions to Family Incomes,” *Monthly Labor Review* 116(8):39-43 (1993).
- ⁴ The state of Washington uses an hours-of-work threshold rather than earnings.
- ⁵ U.S. General Accounting Office (GAO), *Unemployment Insurance: Role as Safety Net for Low-Wage Workers is Limited* (Washington, DC: GAO, GAO-01-181, 2000). “Low-wage” workers are those earning \$8.00 an hour or less, in 1999 dollars; this is roughly the wage required for a full-time worker to earn a poverty-level income for a family of four.
- ⁶ Lawrence Mishel, Jared Bernstein and John Schmitt, *The State of Working America 2000/2001* (Ithaca, New York: Cornell University Press, 2001).
- ⁷ Data refer to the portion of workers with employment experience who did not meet the SBP earnings threshold. Unpublished Institute for Women’s Policy Research analysis of the 1988, 1990, 1991, and 1992 panels of the Survey of Income and Program Participation.
- ⁸ Estimates of the number of states excluding part-time workers vary from 30 to 37 (GAO 2000, *Unemployment Insurance*; National Employment Law Project, *Part-Time Workers and Unemployment Insurance: Expanding UI for Low-Wage & Part-Time Workers* (New York: National Employment Law Project, 2001).
- ⁹ GAO, *Contingent Workers: Incomes and Benefits Lag Behind Those of the Rest of Workforce* (Washington, DC: Government Printing Office, GAO/HEHS-00-76, 2000).
- ¹⁰ GAO, *Contingent Workers* (2000). In this study, full-time work includes wage and salary workers who usually work at least 35 hours a week in relatively permanent jobs (having worked for at least a year or expecting to work for at least a year with the current employer). Part-time workers work less than 35 hours a week in a permanent job. In this study, self-employed workers, agency temporary workers, independent contractors, and other contingent workers are not included in the category part-time worker.
- ¹¹ U.S. Department of Labor, BLS. 2001. *Employment and Earnings* 48(1), Washington, DC: Bureau of Labor Statistics.
- ¹² Bureau of Labor Statistics, U.S. Department of Labor, *Report on the American Workforce* (Washington, DC: Department of Labor, 1999).
- ¹³ Ken Hudson, *No Shortage of Nonstandard Jobs* (Washington, DC: Economic Policy Institute, 2000).
- ¹⁴ Ibid.
- ¹⁵ Annisah Um’rani and Vicky Lovell, *Unemployment Insurance Reform for the New Workforce* (Washington, DC: Institute for Women’s Policy Research, 2000).
- ¹⁶ Hudson (2000).
- ¹⁷ Ewan Clague and Ruth Reticker, “Trends in disqualification from benefits under state unemployment compensation laws,” *Social Security Bulletin* 7(1):12-23 (1944); Suzanne Mettler, “Dividing social citizenship by gender: The implementation of unemployment insurance and aid to dependent children, 1935-1950,” *Studies in American Political Development* 12(2):303-342 (1998); Saul J. Blaustein, *Unemployment Insurance in the United States: The First Half Century* (Kalamazoo, MI: W. E. Upjohn Institute for Employment Research, 1993).
- ¹⁸ For additional discussion of recommended UI reforms, see Young-Hee Yoon, Roberta Spalter-Roth, and Marc Baldwin, *Unemployment Insurance: Barriers to Access for Women and Part-Time Workers* (Washington, DC: National Commission for Employment Policy, 1995), pp. 41-46.
- ¹⁹ Advisory Council on Unemployment Compensation, *Unemployment Insurance in the United States: Benefits, Financing, Coverage* (Washington, DC: ACUC, 1995).

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