

Establish UI Parity for Part-time Workers



What is it?

Part-time employees, most often women and low-wage workers, are the victims of outdated UI eligibility rules. Many states exclude part-time workers from UI benefits by requiring them to look for full-time work in order to receive UI. The result is that many part-time workers are excluded from UI even though their wages were subject to UI payroll taxes and their earnings prior to layoff meet state monetary eligibility rules. A growing number of states (23 to date) have adopted policies that provide UI benefits to many unemployed part-time workers in their state.



Key arguments in favor

Part-time workers are an important part of the labor force and the economy.

One in six American workers is employed part time. Part-timers work for substantial lengths of time – an average of 36 weeks a year, compared with 48 weeks for full-time workers. The average prime age (25-44) part-time worker works 23 hours per week, the equivalent of three full days. Part-time workers also represent a large share of the unemployed – with roughly one in six of all unemployed workers reporting they are looking for part-time work.

Part-time workers and their employers contribute to the UI system. These workers should be protected when laid off. UI is paid for directly by employers and indirectly by workers, as a tax on some or all of a worker's wages. In almost half the states, even a part-time worker who has contributed to the system for twenty years cannot receive UI unless s/he is willing to switch to full-time work.

Equality in the system. Adult part-time workers are 59 percent less likely to receive UI than full-time workers. Yet seven million women, and 1.8 million men, spend part of their peak earning years working part time. Adopting policies that allow part-time workers to participate in unemployment insurance is an important step towards expanding access to UI benefits for women and low-wage workers.



Key arguments against and responses to them

Opponents say: It is too expensive to pay UI benefits to part-time workers.

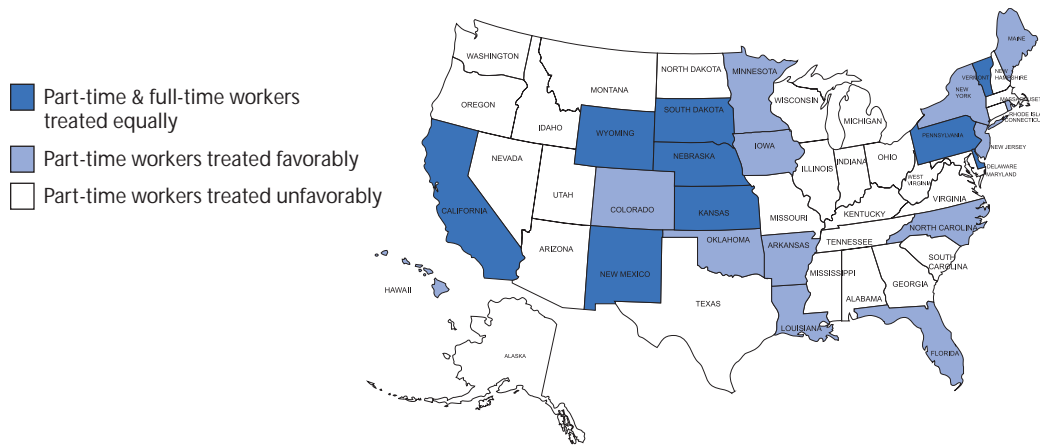
Response: The duration and weekly amount of unemployment insurance benefits a worker can receive are determined by the amount of a worker's past wages. Because part-time workers have worked less and earned less, the cost of extending UI eligibility to these workers is relatively low. For the most part, weekly UI benefits will be lower for unemployed part-time workers than for other workers. In addition, part-time workers tend to remain unemployed for shorter periods of time than full-time workers so the duration of benefits is less than for other workers. Thus, the cost of parity for part-time workers is a tiny portion of overall UI costs. For example, a

recent analysis of Georgia data led to an estimate that expanding UI eligibility for part-time workers in that state would cost less than one-third of one percent of total UI benefits in 2002 (\$2.5 million out of a total of \$780 million).



Which states do it?

Twenty-three states maintain favorable policies toward laid off part-time workers. Of these, nine states pay UI benefits to part-time workers on an essentially equal basis with full-time workers. Another 13 states, and the District of Columbia, provide benefits to part-time workers based on work history or good cause. In six additional states – Illinois, Massachusetts, Montana, New Hampshire, Texas and Washington – UI eligibility is extremely limited for part-time workers. States that completely deny UI benefits to unemployed part-time workers are in the minority.



Model Legislation

New Mexico

(I) No individual who is otherwise eligible, shall be deemed ineligible for benefits solely for the reason that the individual seeks, applies for or accepts only part-time work, instead of full-time work, if the part time work is for at least twenty hours per week.

N.M. STAT. ANN. § 51-1-42

References

Rick McHugh, Nancy Segal & Jeff Wenger, *Laid Off and Left Out: Part-Time Workers and Unemployment Insurance Eligibility: How States Treat Part-Time Workers and Why UI Programs Should Include Them*, NATIONAL EMPLOYMENT LAW PROJECT, (2002), available at <http://www.nelp.org>.

Part Time Workers and Unemployment Insurance, NATIONAL EMPLOYMENT LAW PROJECT, (March 2004), available at <http://www.nelp.org>.