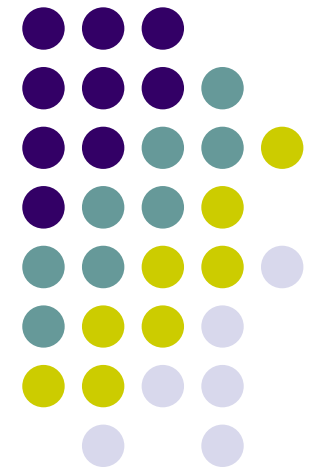


# Protecting Opportunity and New Hampshire's Workforce In a Changing Economy

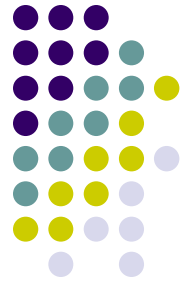
Andrew Stettner  
Deputy Director  
National Employment Law Project

[www.nelp.org](http://www.nelp.org)

May 7, 2007



# The Changing Nature of Unemployment



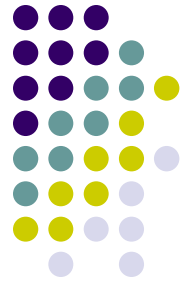
- **“The Great Risk Shift”** – Families are more vulnerable to economic risks & have less social and corporate protections.
- **Rising Stakes of Job Loss** – Permanent layoffs, long spells of unemployment and wage losses.
  - **Long-term unemployment:** Unprecedented 20% rate 4 years after 2001 recession.
  - **Weak Job Growth:** Slower in this recovery than at any similar point in the business cycle in the last 40 years.
  - **Pay Cuts:** Among experienced workers displaced between 2003-2005, only 70 percent had found work as of January 2006 and only 40 percent of those found jobs paying as much.

# Changing Workforce / Changing Risks



- **Low-wage work:** Over 40 million jobs pay less than \$11 per hour, and are unlikely to have health insurance, pension, family leave, severance benefits.
  - 2004 Study Found that 1 out of 6 families in New Hampshire are working and low-income.
- **Women and Part-time Work:** Most families depend on both spouses working, leading to an increase in part-time work and growing economic vulnerability.
- **Low-wage, women and part-time** workers are far less likely to receive unemployment benefits.

# The key role of UI and the need to retool the safety net



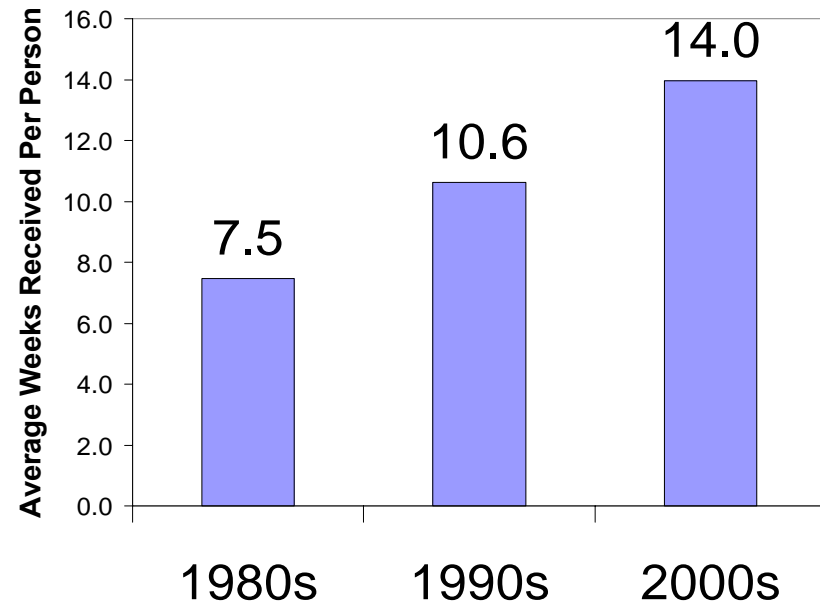
- Adequate unemployment benefits are the first line of defense against these risks, keeping food on the table and maintaining family stability.
- Strong safety nets are needed to allow workers to reconnect to the promise of economic opportunity.
- UI system falling short – only slightly more than one-third of the jobless receive UI nationally.
- New risks demand new solutions.

# Unemployment in New Hampshire



- Increasing time spent looking for work is consistent with the national picture.
- New Hampshire is be a low-unemployment state. (3.8% unemployment rate in March vs. 4.4% nationally), but
- UI Claims have increased in the Granite State by 10% over the past two years.

**New Hampshire - Average Duration of Unemployment Benefits**



# New Hampshire UI Program – At A Glance



- New Hampshire Has Important Policies for Workers in Today's Economy
- New Hampshire's Reciprocity Rate Is Below Average
- Room for Improvement: Benefit Adequacy, Fairness for Part-time Workers and Family Friendly Issues
- Trust fund is in much better shape than other states

# Positive Aspects of New Hampshire's UI Program



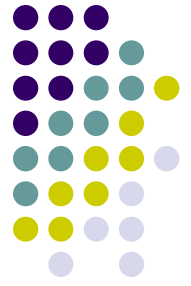
- **Domestic Violence Unemployment Insurance:** New Hampshire is one of 29 states that provide UI benefits to survivors of domestic violence who lose their jobs because of DV. (Pre-2000)
- **Alternative Base Period:** New Hampshire is one of twenty states that allows low wage and seasonal workers to count their most recent earnings through an alternative base period. (2001)
- **Part-time:** New Hampshire made incremental improvements to provide UI benefits to those workers who are in the part-time workforce because of child care. (2005)
- **Duration:** New Hampshire provides up to 26 weeks of benefits to all UI recipients.

# New Hampshire UI Reciprocity Rate



- **What is a Reciprocity Rate?** Measure accessibility of UI program by comparing insured unemployed to total unemployed.
- **New Hampshire's UI Reciprocity Rate:** 27% in 2006--45<sup>th</sup> out of the 51 states.
  - Rate does not include individuals living in New Hampshire but collecting UI from Massachusetts.
- **2000 study:** If commuter claims are included New Hampshire's true reciprocity rate would be 10 percentage points higher and ranked 38<sup>th</sup> not 47<sup>th</sup>.

# Policies that Could Increase Access to UI Benefits for the Changing Workforce

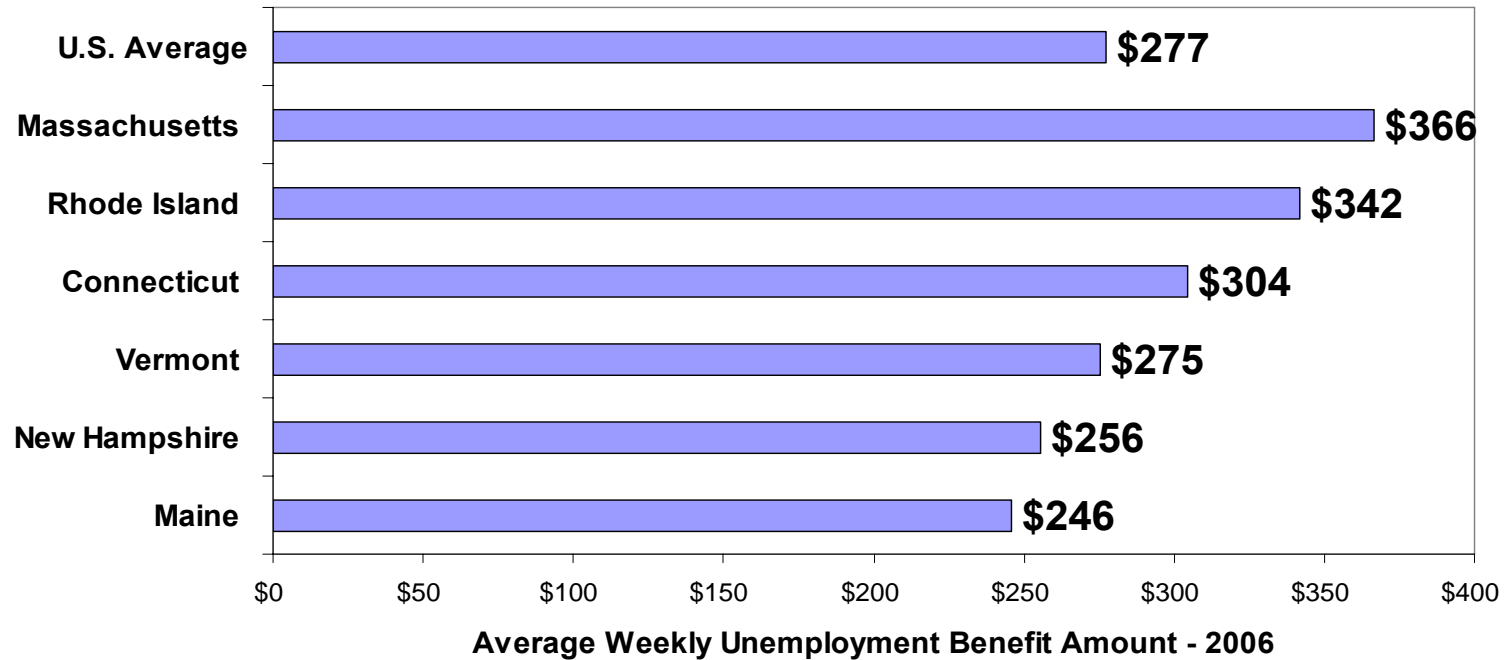


- **Fairness for part-time workers**
  - New Hampshire should join Rhode Island, Maine and Vermont as states that treat laid off part-time workers equally to full-time workers in most situations. (23 states)
- **Family Friendly UI:**
  - Those who quit their job can only receive UI if the reason was attributable to the employer (accept for Domestic Violence)
  - 16 states (including Massachusetts and Rhode Island) allow UI when workers quit due to family or personal emergencies.
  - 22 states (including Maine and Connecticut) allow workers to collect UI when they have to quit their job due to their own illness or an illness of a relative.

# Room for Improvement – Benefit Levels



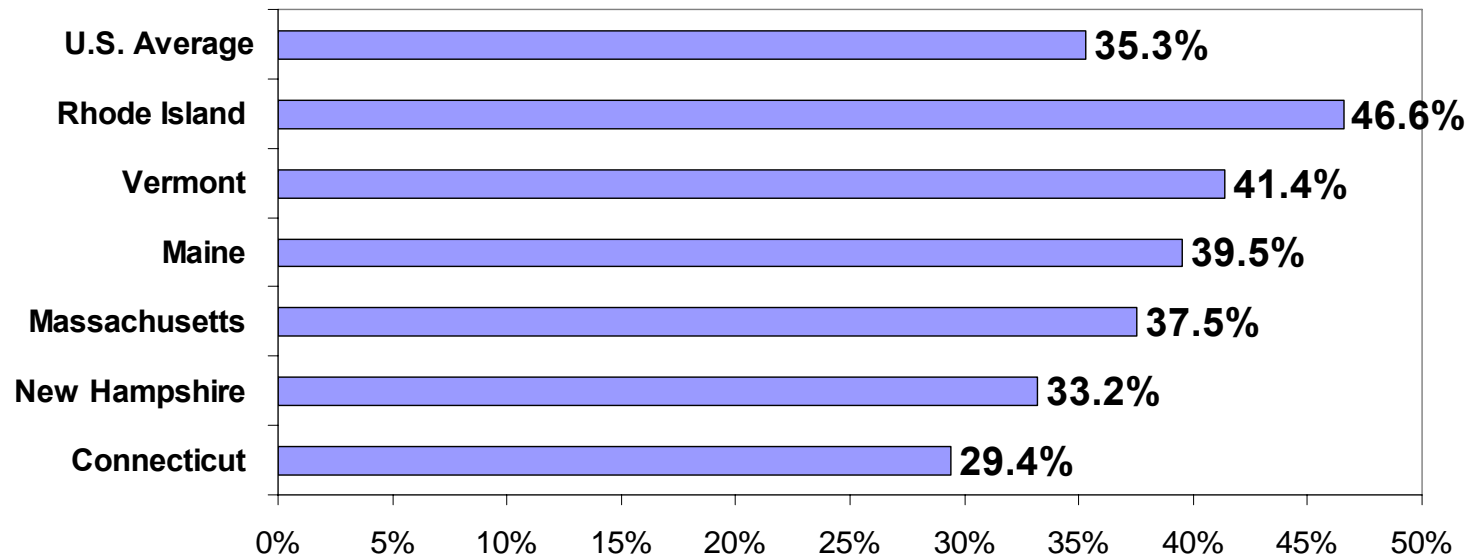
**New Hampshire UI Benefit Levels Compared to  
New England States**



# Room for Improvement – Benefit Adequacy

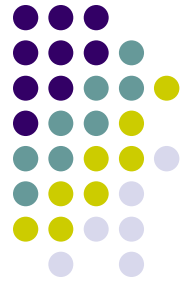


## Wage Replacement - UI Benefits Compared to Worker Wages - New England States

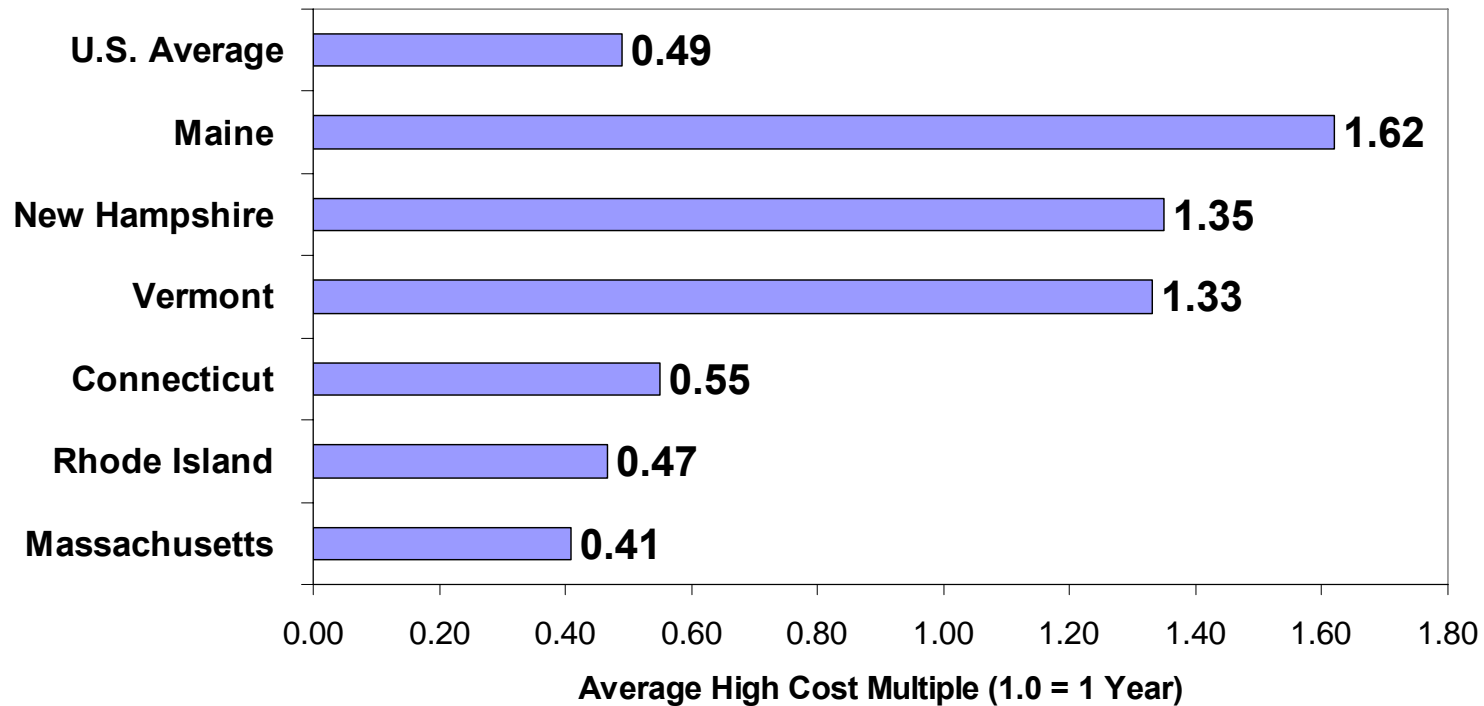


**Avg. Unemployment Benefit as a Percent of the Average Weekly Wage**

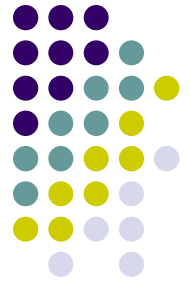
# New Hampshire Has a Strong UI Trust Fund



How Many Years of Peak Level Benefits Do New England States Have Saved in their UI Trust Fund as of December 2006?

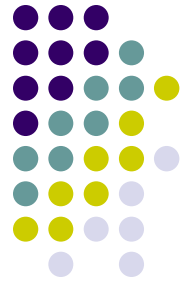


# The Next Generation of Economic Security Reforms



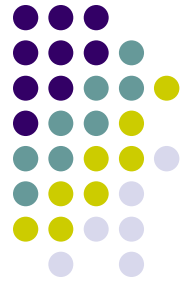
- A New Federal Role in Closing the Gaps in UI Safety Net
- Retraining for permanently laid off workers
- Protections for workers who need time off for family issues
- Protections against loss of health insurance and foreclosure

# UI Modernization Act: Federal Help in Closing UI System Gaps



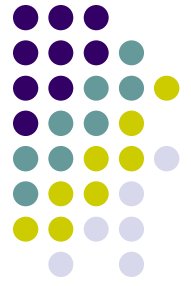
- **Unemployment Insurance Modernization Act:** \$7 billion in federal unemployment funds.
- **Incentive Awards Would Flow to States that:**
  - Pass the Alternative Base Period
  - Pass 2 additional reforms
    - Part-time UI
    - Extended benefits for workers in training courses
    - Key family issues are considered good cause to voluntarily quit
    - ✓ Have 26 weeks of UI duration for all workers
    - Add a Dependent Benefit to Worker's UI Checks

# New Hampshire would benefit from UI Modernization Act



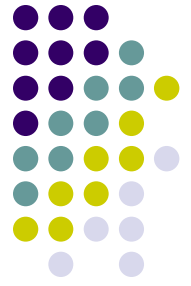
- **\$33 million** in incentive awards could go to New Hampshire:
  - **\$11 million:** Automatically would flow to the state because it has the ABP.
  - **\$22 million:** If the state made improvements to its part-time rules, voluntary quit rules and/or set up a UI training fund.
- **\$2.3 million:** State would get this amount from a \$500 million fund for administrative improvements included in the draft Senate bill.
- **Reed Act funds would go into the trust fund.**
  - Helping to pay the cost of reforms and shoring up financing, or
  - New Hampshire's legislature could allocated funds to improve UI and employment service administration.

# Why Retraining is Important Now



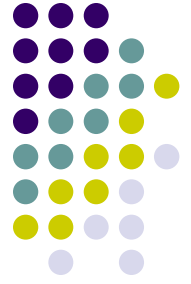
- Increasing length of time spend looking for work make it clear that job matching is harder for today's unemployed.
- Win-win for the economy and workers.
  - California's Employment Training Fund provides a return in investment of \$5 for every dollar spent.
  - Community College programs for dislocated workers in Pennsylvania showed an increase of \$1,000 of earnings per worker.

# Extended Benefits for Workers in Training



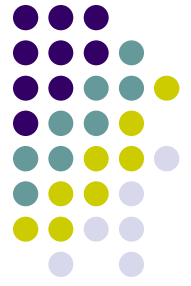
- **Seven states** provide additional weeks of unemployment who need extra time to complete an approved training course.
  - **Maine** – Dislocated workers (those who are laid and unlike to return to their previous industry/occupation) are eligible for up to a 26 week extension of UI while in training.
  - **Massachusetts** – Permanently laid off workers unlikely to find suitable employment can get up to 18 weeks of extended benefits while in approved training.
  - **Washington State** – 72% of dislocated workers receiving extended benefits found work after training, replacing 92.6% of their prior wages.

# Supporting Job Training With Funds Raised from the UI System

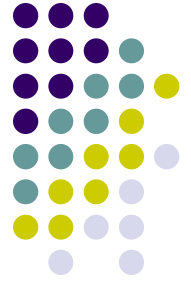


- Nearly half the states have training funds support by state dollars raised in connection with their UI system.
  - Programs supplement federal dollars and help UI by reducing unemployment.
- New Hampshire's UI law establishes the Job Training for Economic Growth which provides training grants to businesses that are retraining new or existing employees.
- Funded by part of administrative contribution on employers (\$8 per employee), but only when trust fund is greater than \$275 million. No money for training since 2003.
- SB97 would guarantee funding for the program every year, up to \$1 million per year.

# Unemployment and Foreclosures

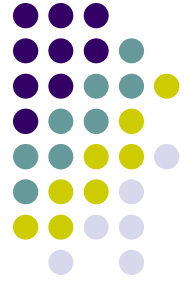


- Housing problems are a major consequence of job loss – NELP’s national survey found 1 in 4 of the unemployed forced to move nationally.
- In New Hampshire, foreclosures are up by 95% in the 1<sup>st</sup> quarter of 2007 compared to last year.
- Sub-prime loan foreclosures in the state are predicted to increase from under 5% for loans originated 1998-2001 to 15% for those started in 2006.



# Home Protection Funds

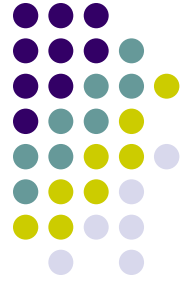
- **State home protection funds** to make sure short-term crises don't lead to loss of a home.
  - **Pennsylvania:** Provides temporary loan assistance to bring a mortgage current and as much as 24 months of ongoing costs. More than 25,000 homes preserved since 1983. Covers the unemployed as well as those impacted by major illness.
  - **North Carolina:** Up to \$20,000 to bring a loan current or to cover 18 months of mortgage costs during worker retraining. Counseling is also a key part of the program.
  - **Cost-effective:** Set up as revolving loan funds, so they are self-sustaining after an initial investment. Targeted at those likely to be able to repay their loans.



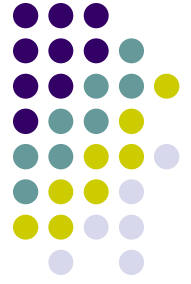
# Securing Health Insurance

- **FACT: ONLY ONE IN FIVE PEOPLE ELIGIBLE FOR COBRA TAKES ADVANTAGE OF THE BENEFITS.** Uninsured costs born by state and the insured.
- **Massachusetts:**
  - Medical Security Program provides 80% reimbursement for COBRA for its UI recipients, and temporary health insurance to low income claimants without COBRA rights.
  - Funded by \$16.80 per worker employer contribution, and funded 50% by the federal government through Medicaid.
- President Bush had proposed a \$7 billion program providing health care to laid off individuals in 2002.

# State Paid Family Leave Programs



- **FACT: 57 MILLION AMERICANS 42% OF THE WORKFORCE DON'T EVAN HAVE A PAID SICK DAY**
- **California:** Pays to 60% of an individual's weekly wage per week for 12 weeks of leave. Funded by \$27 paid by each worker each year.
- **Washington State:** New program provides five weeks of paid family leave, up to \$250 per week.
- **Return on investment:**
  - 90% of California PFL recipients return to their same job.
  - Not only does society benefits, but employers save on the costs of terminating and rehiring employees who would leave their jobs.
- **Different than UI:** because income support is providing to individuals not available for work (i.e. caring full-time).



# Conclusion

- Growing national momentum in states and at the federal level to improve the UI program and broaden the economic security system.
- New Hampshire has been part of this trend, and National Employment Law Project looks forward to continued work together.