



States Must Reform Their Unemployment Insurance Systems

Unemployment insurance (UI) was created during the Great Depression to provide temporary, limited assistance to workers who lost a job through no fault of their own. The aim was to facilitate workers' rapid re-employment.

Today, the Left views UI as a key mechanism in their drive to create a universal basic income that separates the virtue of work from the economic value of a job.

A SUCCESSFUL UI PROGRAM:

- Provides benefits for a limited duration of time
- Ties benefit amount to actual wages earned
- Contains protections that detect and deter fraud and abuse
- Fosters rapid re-employment



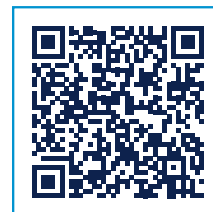
UI REFORM IS NEEDED BECAUSE...

- UI benefits can sometimes pay more than a job and last for up to a year and a half or more, depending on federal and state policy decisions
- Through various formulas (benefit duration, weekly benefit amount, eligibility determination) UI can be easily manipulated to *discourage* a return to work
- Little oversight, ill-advised government policy choices, and bureaucratic apathy have resulted in tens of billions of dollars in fraud in state and federal UI programs
- Millions of open jobs and a steadily declining workforce participation rate mean we need to use every tool possible to promote workforce participation and employment

Four Ways to Ensure Your Unemployment Insurance Program *Rewards* and *Promotes* Work

1 **DURATION REFORM – Provide benefits for a limited duration**

- It doesn't take six months to find a new job. A growing number of states are lowering unemployment benefit duration to three months or indexing the duration of benefits to the unemployment rate. This results in lower taxes on employers (helping them beat inflation), boosts workforce participation, and increases state trust fund solvency.



2 **BENEFIT REFORM – Tie benefit amounts to actual wages earned**

- One-third of all UI claimants currently exhaust their benefits instead of returning to work as quickly as possible. Unemployment eligibility and benefit calculations should be based on the average of wages earned, and foster a meaningful attachment to the labor force. This protects UI benefits for those workers who truly need them.



3 **PROGRAM INTEGRITY – Detect and deter fraud and abuse**

- States are still paying billions of dollars annually on fraudulent or inaccurate unemployment claims. More than a dozen states have begun to fight back, however, with lawmakers and governors requiring state workforce agencies to implement commonsense cross-checks to detect fraud, and tough penalties to punish fraud.



4 **WORK SEARCH – Foster rapid re-employment**

- Federal law requires unemployment claimants to look for re-employment, but it is rightfully up to states to put substance to that vague standard. Some states require a person to look for work only once per week to receive an unemployment check. Economically thriving states direct unemployment claimants to look for work four or five times each week and hold claimants accountable when they fail to do so. Additionally, a growing number of states prohibit UI claimants from “ghosting” employers and refusing to respond to offers of employment or even appear for scheduled job interviews.

