



It is Time to Bolster Georgia's Unemployment Insurance System

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Introduction

Georgia faces a critical moment to lessen current and impending financial harm for working families, especially those with low wages, during the current coronavirus public health emergency. More than one-third of Georgia workers are employed in retail, food service and administrative support positions.¹ Since the federal and state governments have called for the closure of non-essential businesses under our current state of emergency, workers at these jobs face uncertain futures, have already lost hours or have been laid off. These jobs are also notorious for paying low wages, offering unpredictable work hours and failing to offer paid sick days. These workers and many others who will face uncertain employment in the near-term must be protected, as the immediate economic effects of the coronavirus will be felt by low-wage jobs in service industries.²

Unemployment Insurance (UI), which is funded through payroll taxes, provides income for recently employed workers who are laid off due to no fault of their own. UI is one of the most important tools Georgia has in the fight to prevent workers who are already near the bottom of the economic ladder from being pushed deep into poverty during this public health *and* economic crisis. Evidence shows that UI helps workers access needed health care, mitigating the worst health effects of a layoff.³ UI also helps families remain relatively stable and avoid homelessness and hunger until the economy improves and more jobs are available. It also helps the broader economy at a crucial time by boosting demand.⁴

As the economy comes to a near stand-still, the state could be approaching an economic recession, and the strength of a state's UI system is a major determinant of whether a state can counter a recession.⁵ Policymakers can help mitigate the economic strain workers are experiencing by strengthening our UI system in the following ways:

- Appropriate emergency funds to meet higher demand for unemployment insurance
- Extend duration of unemployment assistance from 14 to 26 weeks
- Waive work-search requirements for all claims



- Relax earnings threshold to include low wage workers
- Allow contract workers to access benefits

Unemployment Insurance in Georgia

Economists estimate that the pandemic response will cause Georgia's workforce to shrink by 4.1 percent, or 161,000 jobs, by the summer.⁶ This is just the tipping point. Using previous recession data, we can predict it will take roughly a year or more for Georgia to reach its joblessness peak. At the height of the Great Recession just a decade ago, Georgia lost 335,000 jobs.⁷ UI must be strengthened to withstand the significant impending demand.

Claims have already spiked and are expected to skyrocket to historic levels in the coming weeks.⁸ The demand for assistance has been so high that the online system used for determining eligibility has been overwhelmed, already causing delays in processing claims.⁹

Easing Access to UI Ensures Georgia does not Worsen Racial, Ethnic and Gender Equity Disparities

During economic downturns, women, people of color and immigrants across Georgia have historically faced the most barriers to economic wellbeing. UI is critical to address racial, ethnic and gender disparities:



Women are much likelier than men to work in part-time jobs and to leave work to care for a family member, impeding their eligibility for UI benefits.



Black and Latinx jobless workers are also 25 percent less likely than unemployed white workers to receive benefits—an especially adverse outcome given that Black and Latinx Georgians likely have fewer assets to fall back on.



An unwelcoming climate has made benefits access very difficult for immigrants who are eligible for UI but may be worried about backlash due to anti-immigrant policies. United States Citizenship and Immigration Services (USCIS) explicitly states that UI is not a public benefit that triggers public charge, and all eligible immigrant workers should apply if they qualify.

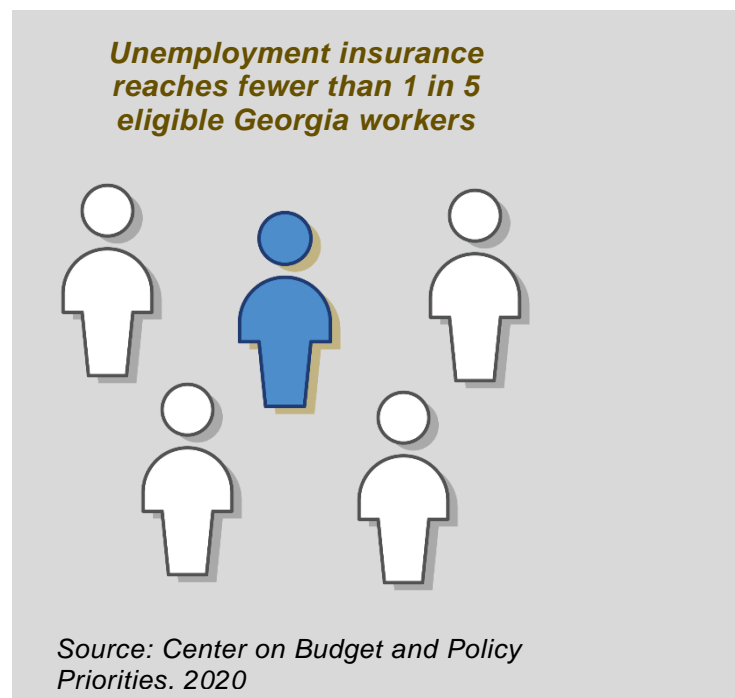


Unemployment insurance provides economic stimulus. The Congressional Budget Office (CBO) consistently ranks assistance for unemployed workers as one of the most effective policies for generating economic growth. A Labor Department report commissioned during the George W. Bush Administration and published in 2010 found that in the depths of the Great Recession, state-provided UI benefits boosted employment by an additional one million jobs across the country.¹⁰

Modernize Georgia's UI System to Counter Recession

Unfortunately, the health of Georgia's UI system is poor. Benefits currently reach fewer than one in five eligible workers and only replace one-third (31 percent) of a worker's lost wages. Georgia also has one of the most restrictive benefit periods in the nation. Claimants can only access UI benefits for a maximum of 14 weeks, while most states use the maximum period allowed under federal law—26 weeks.¹¹

Georgia leaders have an opportunity to act fast and update policies that prohibit UI from delivering the economic security it was designed to provide for families with low incomes during these difficult times. The pandemic response has already exposed numerous holes in our UI system for low wage workers, but it is not too late to help families make ends meet, with the following immediate solutions:



Appropriate emergency funds to meet higher UI demand. Georgia should immediately appropriate additional funding to administer the UI program. The Georgia Department of Labor is already understaffed because administrative funds are tied to the unemployment rate, which has been at historic lows.¹² Demand for UI is already increasing dramatically, placing strain on the agency's ability to timely process claims.

Extend duration of benefits from 14 to 26 weeks. Georgians who claim UI run out of assistance faster than claimants in 47 other states.¹³ The current 14 week period severely weakens our state's UI system. Finding a new job takes time; in 2015, it took an average of 29 weeks.¹⁴

Lawmakers reduced the benefit duration from 26 weeks to 14 weeks in 2012. The federal government shares in the cost of unemployment insurance for states that offer 26 weeks



of benefits. The Governmental Accountability Office found that since the state does not provide benefits for the full term allowed under federal law, Georgians in need of unemployment insurance have been denied about \$27.2 million total in federal funds annually.¹⁵ This funding is needed as current state UI funds are likely to be depleted quickly during the coronavirus pandemic. Georgia should revise its rules to ensure assistance continues through this period of labor market uncertainty.

Waive work-search requirements. To receive benefits, jobless workers are required to submit a record of making at least three new, verifiable job search contacts each week.¹⁶ Failure to submit the report on work search activities results in a denial of benefits. The state waived work search requirements for claims approved on or after March 14, but existing claimants who were approved prior to that date still face penalties for failure to report their job search activities during the pandemic (see Appendix for emergency changes to UI eligibility).

As a result of the passage of the Families First Coronavirus Response Act, the United States Department of Labor has asked states to consider suspending the work search requirement for “all individuals collecting unemployment compensation and not just those recently separated.”¹⁷ Georgia is urged to follow this guidance so workers can effectively comply with the social distancing recommendations of federal, state and local governments to mitigate the spread of the coronavirus.

Relax Earnings Threshold to Include Low-Wage Workers. People who work part-time or have short periods of employment have a harder time claiming UI in Georgia because an earnings threshold is used to determine eligibility. The current policy requires that workers must have earned wages in at least two quarters of the previous year and that the total wages in that period equal a minimum of \$1,134.¹⁸ A part-time worker receiving minimum wage would have had to work for 26 uninterrupted weeks to be eligible for the benefit. Lower-paid workers, seasonal workers and those in certain industries with variable work hours miss out on UI because of this wage requirement.

Allow contract workers to access benefits. Georgia law prevents school workers under private contract, including bus drivers and lunch workers, from collecting unemployment insurance benefits during school breaks.¹⁹ These workers, some of whom are currently using their bus routes to deliver food to families with children out of school deserve assurance that they can tap into UI. Given the unpredictable impact that the COVID-19 pandemic will have on school operations, policymakers should extend UI eligibility to these hardworking Georgians.



Conclusion

Georgia's unemployment insurance system is a vital part of the safety net, especially when the economy slows down. Preemptive steps should be taken to bolster the system so it can help a larger share of the unemployed, including those who are able and willing to work but unable to do so because of the coronavirus's impact on the economy.

Appendix A

During the week of March 16, 2020, Governor Brian Kemp and Labor Commissioner Mark Butler enacted the following emergency reforms to ease access to UI benefits:²⁰

- Partial claims must be filed by employers and in-person application requirements suspended
- Job search requirements suspended for claims filed on or after March 14, 2020
- Workers with reduced hours or leaving work temporarily due to illness, to care for a family member who is ill, or has lost their child care as a result of their provider or school being closed during the pandemic are now eligible for UI.

All updates regarding changes to unemployment insurance during the coronavirus pandemic are being provided on the Georgia Department of Labor website, at dol.georgia.gov.

Endnotes

¹ GBPI analysis of Georgia's Nonfarm Employment, Georgia Department of Labor. 2020. https://explorer.gdol.ga.gov/vosnet/mis/current/nonag_msaA.pdf.

² Bivens, J. (2020, March 17). *Coronavirus shock will likely claim 3 million jobs by summer*. Economic Policy Institute. <https://www.epi.org/blog/coronavirus-shock-will-likely-claim-3-million-jobs-by-summer/>

³ Kuka, E. (2018). Quantifying the benefits of social insurance: Unemployment insurance and health. *Review of Economics and Statistics*, 1-44. <https://www.nber.org/papers/w24766.pdf>

⁴ Leachman, M., J & Sullivan, J. (2020, March 20). *Some states much better prepared than others for recession*. Center on Budget & Policy Priorities.



<https://www.cbpp.org/research/state-budget-and-tax/some-states-much-better-prepared-than-others-for-recession>

⁵ Ibid.

⁶ Bivens, J. (2020, March 17). *Coronavirus shock will likely claim 3 million jobs by summer*. Economic Policy Institute. <https://www.epi.org/blog/coronavirus-shock-will-likely-claim-3-million-jobs-by-summer/>

⁷ GBPI analysis of data from U.S. Department of Labor, Bureau of Labor Statistics, 2007-2010

⁸ Kanell, M. (2020, March 19). *Jobless claims soar in Georgia – worse likely coming*. *Atlanta Journal Constitution*. <https://www.ajc.com/business/jobless-claims-soar-georgia-worse-likely-coming/zTXTHDiTe1i2HK3SYJGmWL/>

⁹ Ibid.

¹⁰ Leachman, M., J & Sullivan, J. (2020, March 20). *Some states much better prepared than others for recession*. Center on Budget & Policy Priorities. <https://www.cbpp.org/research/state-budget-and-tax/some-states-much-better-prepared-than-others-for-recession>

¹¹ Ibid.

¹² Evermore, M. (2020, March 6). *Coronavirus and unemployment insurance: Options for policymakers to mitigate job loss*. <https://www.nelp.org/publication/unemployment-insurance-helps-mitigate-job-loss-during-pandemics-options-for-policymakers/>

¹³ Ibid.

¹⁴ West, R. (2016, September 27). *7 steps to make sure unemployment insurance is there when you need it*. Talk Poverty. <https://talkpoverty.org/2016/09/27/7-steps-make-sure-unemployment-insurance-need/>

¹⁵ Sherrill, A. (2012). *Unemployment insurance: States' reductions in maximum benefit durations have implications for federal costs*. U.S. Governmental Accountability Office. <https://www.gao.gov/products/GAO-15-281>

¹⁶ *Unemployment Insurance Claimant Handbook*. Georgia Department of Labor. <https://dol.georgia.gov/document/unemployment-benefits/ui-claimant-handbook/download>



¹⁷ Unemployment Insurance Program Letter No. 13-20, section 5, paragraph A. U.S. Department of Labor, issued March 22, 2020.

¹⁸ *Unemployment Insurance Claimant Handbook*. Georgia Department of Labor. <https://dol.georgia.gov/document/unemployment-benefits/ui-claimant-handbook/download>. See also Rules of Georgia Department of Labor Employment Security Law, Chapter 300-2-4

¹⁹ Ga. Code Ann. 34-8.

²⁰ Emergency rules adopted 03-19-20, amending Chapter 300-2 of the Rules of the Employment Security Law. <https://dol.georgia.gov/blog-post/2020-03-20/emergency-rules-adopted-03-19-20>