



Highlights of [GAO-07-1243T](#), a testimony before the Subcommittee on Income Security and Family Support, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

The Unemployment Insurance (UI) program has been a key component in ensuring the financial security of America’s workforce. In the 72 years since the UI program began, the nature of work has changed in fundamental ways. In recent decades the number of low-wage jobs, the average duration of unemployment, and the number of women in the workforce have all increased. This testimony addresses: (1) the overall trend in the usage of UI; (2) the likelihood that low-wage workers will be unemployed and receive UI benefits, especially when compared to higher-wage workers; and (3) the likelihood that part-time workers receive UI benefits.

This testimony is based primarily on GAO’s September 2007 report (GAO-07-1147) on the same topic as well additional analyses. In that report, GAO made no recommendations and the Department of Labor generally agreed with the findings. For that report, GAO analyzed data on UI regular program recipiency rates provided by Labor, and GAO examined data from the Survey of Income and Program Participation (SIPP), a national database maintained by the Bureau of the Census. For GAO’s purposes, SIPP data were available for the periods 1992 through 1995, 1998 and 2003.

UNEMPLOYMENT INSURANCE

Receipt of Benefits Has Declined, with Continued Disparities for Low-Wage and Part-Time Workers

What GAO Found

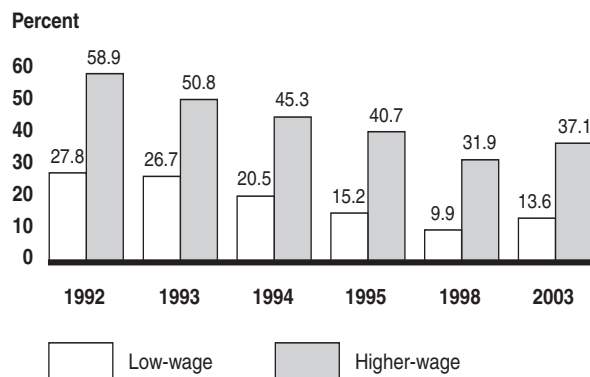
The overall rate of UI receipt has increased modestly from the mid-1980s to 2005, but still remains below the near-50 percent rate of the 1950s.

A comparison of UI receipt by earning levels shows that low-wage workers were less likely to receive UI benefits than higher-wage workers. Moreover, the gap between the two groups has not narrowed over time. Between 1992 and 1995—the period covered in GAO’s previous analysis—low-wage workers were about half as likely to receive UI benefits as higher-wage workers. For the years 1998 and 2003—the years added for this analysis—they were about one-third as likely.

Low levels of UI receipt among low-wage workers may be explained by the circumstances of low-wage workers in relation to UI eligibility rules, particularly rules in many states that do not count workers’ most recent earnings toward their minimum earnings required for eligibility. Low levels of receipt may also be explained by low-wage workers’ reasons for separating from work, because eligibility rules in many states do not recognize illness or disability of a family member as good cause for leaving employment.

Another group facing low rates of UI receipt is part-time workers. Unemployed part-time workers were significantly less likely to collect UI than those who were full-time. This was true regardless of whether the part-time workers were low-wage or higher-wage. About two-thirds of states do not consider workers eligible for UI if they are only available for part-time work. In addition, like low-wage workers, some part-time workers may have difficulty meeting the minimum earnings requirement in states that do not count workers’ most recent earnings.

UI Rate of Receipt among the Unemployed



Source: GAO analysis of SIPP data.

Notes: Data for 1996, 1997, and 1999 to 2002 were not available. Differences between low- and higher-wage workers in every year were significant at the 99 percent confidence level. We calculated the UI rate of receipt by dividing the number of unemployed workers who reported UI as a source of income by the number of workers who were unemployed.

To view the full product, including the scope and methodology, click on [GAO-07-1243T](#). For more information, contact Cindy Fagnoni at (202) 512-7215 or fagnonic@gao.gov.