

Delaware Fails to Make the Grade in Meeting the Needs of Its Unemployed Workers

Delaware's unemployment insurance system, like that of 22 other states, fails to meet the needs of out-of-work Americans and is in urgent need of repair, particularly given the increase in workers losing their jobs or exhausting their unemployment benefits since Sept. 11.

Unemployment Insurance (UI) is the first line of defense during economic downturns—not only because it provides vital income support to laid-off workers, but also because the money workers receive from UI goes right back into the community, which boosts and stabilizes the economy.

A newly released report, "Failing the Unemployed: A State-by-State Evaluation of Unemployment Insurance Systems," grades Delaware and the other 49 states on five criteria that determine how much families are helped by a state's unemployment insurance program. Delaware's unemployment insurance system allows far too many workers to fall through the gaps of what traditionally has been a safety net for workers faced with job loss.

Exhaustions:

Thousands of workers in each state have seen their unemployment insurance benefits run out before they are able to find work. In Delaware:

- ✘ Between Sept. 11, 2001, and Jan. 31, 2002, close to 2,917 laid-off workers exhausted their unemployment benefits—an increase of 39 percent over the same period last year.
- ✘ 5,100 unemployed workers are expected to run out of benefits by July 1, 2002—an increase of 85 percent over the same period last year.
- ✘ Each week, 200 laid-off workers are expected to run out of unemployment benefits.

1. State's Eligibility Policies. GRADE: FAIL

States establish eligibility policies to determine under what circumstances workers can qualify for assistance. Badly structured eligibility requirements often end up denying benefits to the workers who are likely to need them most, namely low-wage and part-time workers. For unemployed workers who remain ineligible for benefits, improvements in benefits adequacy, benefit extensions, solvency and taxation are moot.

- ✘ Delaware does not have an alternate base period, which is a fairer way of calculating a worker's eligibility for unemployment benefits. It requires the state to use the worker's most recent earnings prior to layoff—which typically are higher—to calculate eligibility.
- ✘ Delaware does not allow part-time workers to receive unemployment insurance benefits when they are laid off. Disqualifying part-time workers has a disparate impact on women, who make up about 70 percent of that group.

2. Recession Preparedness. GRADE: FAIL

During a recession it is critical that states have strategies in place to help families who are temporarily out of work. Some states have adopted such measures that trigger automatically when unemployment exceeds a certain level or that may suspend the regular one-week waiting period before workers can receive any benefits.

- ✘ Delaware has not adopted any provisions that automatically extend benefits to workers or improve access to benefits in a time of recession.
- ✘ Delaware is one of 34 states that received a FAILING grade on this measure.

3. Employer Tax Practices. GRADE: FAIL

The report calls attention to the disturbing inequity between the treatment of workers seeking to collect unemployment benefits and employer tax rates used to fund the unemployment insurance system. Systems that do not collect enough revenue during periods of economic expansion will not be able to expand coverage during a recession, and will fall far short of meeting the needs of unemployed workers.