

MA AFL-CIO

Legislative Fact Sheet



Protect and Improve the Unemployment Insurance Safety Net

Unemployment Insurance (UI) is a critical safety net for workers who have become unemployed through no fault of their own. During a recession it is the first line of economic defense for workers, businesses and the state economy. However, years of rate freezes for businesses have strained the Unemployment Insurance Trust Fund. Instead of requiring businesses to pay their fair share to maintain the solvency of the Trust Fund, there is constant pressure to cut crucial UI benefits for the unemployed.

We must fight to protect current levels of UI benefits and improve gaps in the system that negatively impact workers so they can support their families through periods of unemployment,

Fixing Gaps in the UI Safety Net

Under current UI law, workers who have been employed for the same length of time and earned exactly the same amount of wages may have unequal access to UI benefits depending on how those wages were distributed among two quarters of the year. Deserving workers who earn different amounts of income in two quarters due to mandatory overtime, business slow-downs, or work schedules over which they have no control are denied UI benefits because their total earnings did not exceed 30 times their weekly benefit amount (based on the average weekly wage in the high quarter only).

An Act Amending Unemployment Insurance Law for Workers with Fluctuating Work Schedules (S.1003 / H.1012) easily remedies this unintended barrier to UI for workers by basing the calculation of UI on average wages paid in both quarters, rather than on the high quarter earnings alone.

Protecting the Future of the UI Trust Fund

In 22 out of the last 25 years, rate freezes for businesses have cost the UI Trust Fund nearly \$4 billion. We must stop these give-backs to businesses to ensure that the Trust Fund remains solvent during an economic slow-down.

Our First Line of Defense During Economic Downturns

Sufficient UI taxes on businesses are needed to build up balances in the Trust Fund during periods of healthy economic growth, allowing these balances to be drawn down during local or national downturns or recessions without turning to benefit cuts or federal borrowing.

In addition to keeping families out of poverty, UI benefits also help the entire state economy during tough economic times by maintaining consumer spending and boosting local economies. Research shows that UI benefits produce \$2.15 increased economic activity (growth in GDP) for every \$1.00 of UI paid to laid off workers.

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