Unemployment Insurance Helps Mitigate Job Loss During Pandemics: Options for Policymakers

The most important thing to understand is that unemployment insurance (UI) is a system designed to deal with large-scale unexpected job loss. It is one of the most important countercyclical tools already available to help workers, families, and communities soften the blow of job loss during a pandemic.

For workers whose place of employment shuts down, if they are not sick and are able and available to work, they generally meet the UI standard of having lost work through no fault of their own. Below are policy options that lawmakers and policymakers should consider in strengthening their UI programs to help mitigate the economic impacts of a pandemic.

**Increase Funding to Meet Higher UI Demand**

An important first step that Congress and the states should take is to immediately increase funding to administer UI programs. State agencies are already understaffed, because federal administrative funds are tied to unemployment rates, which have been at historic lows. A pandemic could further depress those staffing levels at a time when many more people would be filing for unemployment. More funding and an emergency staffing plan are critical in preparing for a major outbreak.

**Adopt Work-Sharing to Provide Alternative to Layoffs**

Companies that are losing business due to the pandemic may feel the need to lay off some workers. Work-sharing provides a viable alternative to help businesses avoid layoffs over a temporary slowdown. Work-sharing allows employers to reduce hours across its workforce rather than lay off workers; workers get to keep their jobs and use UI benefits to replace part of their lost income, and employers get to keep trained and skilled workers. States that have not yet authorized work-sharing should immediately do so. States that already have work-sharing in place should publicize this win-win option for workers and employers.

**Waive Work-Search and Waiting Week Requirements**

We strongly encourage states to waive both work-search requirements and any waiting weeks, if they exist, in the case of a pandemic. Work-search waivers will be urgently necessary: while many qualifying searches can take place online, we still live in a world where much job-search activity takes place in person, especially for lower-wage work.
Waiting weeks in general are an outdated artifice that should be eliminated altogether, but at the very least waived during an emergency.

**Clarify Good Cause to Quit**

In addition, in past disasters, states have issued rulings that UI claims relating to disasters do not count against employers’ “experience rating”—the method by which states assign higher state unemployment taxes to employers responsible for more layoffs. This makes sense, because employers are unlikely to be at fault for quarantine. That is, unless they have required sick workers to come to work. If that is the case, states should clarify that workers have good cause to quit (and thus be eligible for UI) if their employer is forcing them to engage in activity that would jeopardize their health and safety. Furthermore, good cause quits should include work assignments that violate workers’ health and safety, and a worker’s need to care for quarantined or sick family members.

**Reform Disaster Unemployment Insurance**

Disaster Unemployment Assistance (DUA) could be a useful tool. It would trigger after a state requests disaster status and upon a Presidential major disaster declaration. Once approved, workers in eligible counties can access DUA individual assistance, but it currently only applies to people who exhaust regular UI or are otherwise not eligible, such as workers who are self-employed. NELP’s vision for overall DUA reform, outlined in detail here, would ensure that workers in disaster areas would not have to exhaust regular UI benefits first, relieving strain on state UI systems. We also advocate for improving benefits. This would be a big step toward pandemic readiness.

**Boost UI Recipiency**

We have repeatedly pointed out that in many states, UI recipiency is a huge problem—not enough workers eligible for UI benefits actually receive them. This leaves states in a bad position to recover economically from recessions and other unexpected and massive job losses. That is why, ultimately, this is a very important time for Congress to consider enacting the broad range of policy solutions that we have advanced along with the Center for American Progress and the Georgetown Law Center on Poverty and Inequality. Without enough people accessing sufficient benefits, a COVID-19-related downturn could spiral into greater economic upheaval for workers and our economy writ large.

**Final Thoughts**

Finally, we ask that partners help urge workers to print out paystubs now in case UI agencies are unable to verify pay if no one is there at the worksite to take inquiries. And we would be remiss not to mention the need for paid sick leave. Workers who are not able and available to work cannot receive UI for the weeks they are sick. No one should experience a financial crisis because they are sick.

UI policies are merely one component of a thoughtful and comprehensive pandemic response, which must include health care, paid sick leave, and workplace health and safety protections. An effective response requires all of us to come together and value the dignity and health of every person. 😊