

MISSISSIPPI'S UNEMPLOYMENT INSURANCE: IS CHANGE NEEDED?

Thousands of workers in Mississippi have lost their jobs in the current recession. Employment is down 10% in manufacturing, 10% in accommodations, and more than 3% overall, compared to last year. Over 38,000 Mississippians have lost their jobs since last April, and the number of unemployed will continue to rise. The unemployment rate in the first quarter was 9.3%. Unemployment insurance provides income to these workers to help tide them over this rough patch, right? Not so fast.

Both nationally and in Mississippi, the percentage of unemployed workers receiving benefits has gradually shrunk since the 1970s. Twenty-four percent of the unemployed in Mississippi received unemployment insurance (UI) benefits in 2007 on average, and 32% in 2008.¹ In the U.S., the percentage was 44% in 2008. Discouraged workers, who have dropped out of the labor force, are not actively seeking employment and so are not included in these figures.

Unemployment insurance, in short, is not a benefit that everyone who loses a job can count on. Increasing coverage to the point where most of the unemployed would benefit, as was the case in the 1950s, would be costly. The current unemployment insurance system and the reforms proposed under the American Recovery and Reinvestment Act (ARRA) are briefly examined below.

Why Unemployment Compensation?

When unemployment insurance was established as a nationwide program in 1935, it was hailed as a means of enabling workers to protect their standard of living between jobs. With it, workers are better able to keep their homes and their health. It reduces the high stress levels that job loss causes. In this way, unemployment compensation helps to stabilize family well-being and maintain the labor force in a region.²

By enabling workers to engage in longer job searches, unemployment compensation also improves the choices of both workers and employers, which increases the economy's efficiency. It reduces the negative consequences of an employer's decision to lay off workers, and so enhances flexibility in hiring.

Unemployment insurance is also an important countercyclical tool – it bolsters consumer spending during economic downturns and reduces the need for other forms of government intervention to raise demand, a characteristic that wins it supporters across the ideological spectrum.

Overall, the nation has decided that the benefits of the current unemployment insurance system outweigh its costs. It is a program that is run by individual states, with

some federal guidelines and support: if UI were left to the private market, many individuals would opt out of the program and the cost of such insurance would be much higher. Coverage and benefits vary by state. It is paid for out of a company's earnings, either reducing company profits or workers' take-home pay, or raising product price to customers, depending on the individual business. (Economists have shown that whether or not a company is able to pass the cost of payroll taxes forward to customers or back to employees depends on conditions in its particular product and labor markets.)

Behind the Erosion of Benefits

Nationally, the last time over 50% of unemployed workers received benefits was in 1975. Shifts in employment patterns and a tightening of eligibility requirements are behind the nationwide reduction in effective UI coverage.³ Today almost 30% of the work force is employed in nonstandard work arrangements, including part-time, temporary, contract or on-call work and self-employment. These workers are likely to find it harder to meet eligibility requirements, although almost all are subject to the payroll taxes that fund unemployment benefits.

Table 1. **FULLTIME AND PART-TIME EMPLOYMENT AMONG HEADS OF HOUSEHOLD IN THE LABOR FORCE, MISSISSIPPI (2000 Census Data)**

	Male	Female	Total
Heads of Household	70%	30%	100%
Worked Fulltime, Year-Round	76%	58%	71%
Worked Less Than 50 Weeks	21%	36%	25%
Worked Less Than 35 Hours Per Week	7%	19%	11%
Worked Less Than 35 Hours and Less Than 50 Weeks	5%	13%	7%

NOTE: There were 637,611 heads of household in the labor force in Mississippi according to the 2000 U.S. Census.

SOURCE: Public Use Microdata Sample of the 2000 U.S. Census.

Persons who are seeking only part-time employment do not qualify for unemployment benefits in Mississippi. This affects women in particular, including heads of households, who often prefer part-time work due to dependent care responsibilities. A person who usually works fulltime, but only part of the year, may also find it difficult to qualify for unemployment benefits due to the base period used in determining eligibility. See accompanying box detailing eligibility requirements.

Many workers who are not eligible for benefits provide income that is critical to their families. In 2007, 42% of workers in Mississippi worked only part-time or part-year, according to the U.S. Census. Among heads of households, this figure, though lower, is still sizeable; in 1999, it was 29%. Table 1 provides more details using data from the 2000 Census, the most recent year providing such detailed information. Notice that among female heads of households only 58% were able to work fulltime, year-round -- leaving 42% working either part-time or part-year. Many of these women have child care responsibilities that cause them to prefer part-time work; household heads working part-time, defined as less than 35 hours per week, are over twice as likely to be female as male.

Besides child care, elder care can also mean part-time or part-year work for many. Nearly

one-third of working adults with older parents report missing some work to care for them. Over one in ten provides daily care.⁴

Unemployment Insurance Modernization Under the ARRA

Congress has been considering improvements to the unemployment insurance system in recent years. This year the American Recovery and Reinvestment Act (ARRA), also referred to as the stimulus package, includes some new unemployment provisions. States that elect to expand the coverage available through their unemployment insurance systems following ARRA stipulations will qualify for federal funds to finance these changes for two to three years.

One-third of the ARRA funding for expanding unemployment coverage requires that the base period for qualifying for benefits be changed to allow inclusion of the most recent work period (see box on eligibility). Other funds are available if state law adopts at least two of the following four provisions relating to part-time work, dependent allowances, job training, and job separations due to compelling family reasons. The four choices are:

- Unemployment compensation is payable to certain individuals seeking only part-time work.

- An individual is not disqualified from compensation for separations due to certain compelling family reasons.
- An additional 26 weeks of compensation is paid to workers who have exhausted regular UI benefits and are enrolled in and making satisfactory progress in certain training programs.
- Dependents' allowances of at least \$15 per dependent per week, subject to a minimum total, are paid to eligible beneficiaries.⁵

Many states already have some of the ARRA provisions on their books. There are 29 states that allow workers to receive benefits if they lose their jobs due to domestic violence, 19 states if workers work part-time, 18 states with an alternative base period that may take into account the most recent employment, 5 states that allow benefits to workers receiving training as well as extended benefits, and 4 that have a weekly \$15 depen-

dent allowance. See Table 2. Other states have some expanded coverage in these areas, but with provisions that do not meet the ARRA requirements: for example, 33 states, not just the 19 mentioned above, provide some coverage for part-time workers.

Mississippi could qualify for over \$60 million in federal funds if it adopts the ARRA modernization provisions: \$18.7 million if it enacts an alternative base period, \$37.4 million with two other provisions among the choices listed above, and \$4 million for administration. These estimates were made by the National Employment Labor Project (NELP) in January 2009. The federal funds are expected to cover the cost of changes for three or more years. After that, the state would either have to provide funding or repeal these provisions.

Using data from 2007, when the Mississippi unemployment rate was 6.3%, NELP estimates that 2,563 part-time workers in the state could benefit from expanded

Table 2. UNEMPLOYMENT INSURANCE MODERNIZATION PROVISIONS PREVIOUS TO THE 2009 AMERICAN RECOVERY AND REINVESTMENT ACT, SELECTED SOUTHERN STATES AND U.S. TOTAL

	Alternative Base Period	Extended UI While In Training	Part-Time Worker Coverage	Weekly \$15 Dependent Allowance	Compelling Family Reasons for Leaving Work		
					Domestic Violence	Spouse Relocates	Illness and Disability
State							
Alabama							
Arkansas							X
Georgia	X						
Louisiana			X				
Mississippi							
North Carolina			X		X		X
Texas					X		X
Total No. of States ¹	18	5	19 ¹	4	29	15	16

¹While 33 states pay benefits to workers seeking only part-time work under certain conditions, only 19 of these meet the requirements of the ARRA. The same is true for the other categories listed - more states than shown allow for benefits to be paid due to reasons shown, but are not exactly in compliance with ARRA standards.

SOURCE: Analysis of state laws, regulations and court cases provided by the National Employment Law Project at www.nelp.org. Also chapter 5 of *State Comparisons* of the U.S. Department of Labor.

Eligibility Requirements and Benefits Paid: Unemployment Benefits in Mississippi

To qualify for unemployment benefits, certain levels of wages and employment in a prior base period are required. During this four-quarter base period, a worker must earn a minimum of \$1,200, a minimum of \$780 in the quarter with highest earnings, and must also have earnings in at least two of the four quarters. In most states, including Mississippi, the first 4 of the last 5 completed calendar quarters preceding the filing of worker's claim is the base period. This means that a worker's most recent quarterly earnings are not considered.

The National Employment Law Project estimates that in Mississippi, as in most states, allowing the last completed quarter to be part of the base year would mean that more workers become eligible for benefits: about 4,500 more here and 286,100 more workers nationwide in 2009, depending on the unemployment rate. The cost of using this alternative base period in Mississippi would be about \$6 million.

In order to be eligible to receive benefits, individuals must be able to work, available for work, and actively seeking employment. Individuals must be willing to accept suitable employment when offered. All individuals filing for unemployment, including part-time workers, must be willing to accept full-time employment. Generally, a worker must not have been fired for misconduct and must not have voluntarily left his or her job without good cause under the law. For more details, see note below.

The minimum weekly benefit is \$30 per week in the state, and the maximum \$230. Actual benefits paid are approximately one-half of average earnings during the highest-wage quarter of the base period, but not more than \$230 per week. The length of time a worker will receive benefits, which has a maximum of 26 weeks, depends on such factors as how many hours were worked during each quarter of the base period. For claims established effective July 5, 2009 and later the maximum weekly benefit amount will be \$235; the maximum total benefit will be \$6,110.

The average weekly benefit paid in the state in 2008 was \$183, which ranked 52nd in the nation, ahead of Puerto Rico but behind the other 49 states, D.C., and the Virgin Islands.

Note: In some cases a worker may be eligible for benefits if he or she leaves due to a work-related illness, compulsory retirement, to move with a spouse in the military while abroad, harassment, or domestic violence, according to Table 5-2 of "State Comparisons" at the U.S. Department of Labor website, though this table does not include needed explanatory details. Benefits will not be granted during work stoppage due to a labor dispute, although the state has the option of providing coverage during a lockout.

SOURCE: U.S. Department of Labor. www.ows.doleta.gov/unemploy/statelaws.asp and the Mississippi Department of Employment Security.

Table 3. **UNEMPLOYMENT INSURANCE (UI) DATA SUMMARY FOR MISSISSIPPI AND U.S., 2008**

	Mississippi		U.S.
	Value	Rank	Value
Benefits			
1. Average Weekly Benefit Amount	\$183	52	\$300
2. As % of Average Weekly Wage	29.4%	43	34.8%
Financial Information			
3. Total Wages (Taxable Employers) (millions)	\$28,528.2	35	\$4,800,000
4. Taxable Wages (millions)**	\$7,565.5	38	\$1,300,000
5. Average Weekly Wage**	\$621	50	\$854
6. Average Tax Rate on Taxable Wages (%)**	1.32%	42**	2.28%
7. Average Tax Rate on Total Wages (%)**	0.35%	43**	0.62%
8. Calendar Year Taxable Wage Base	\$7,000	49	\$11,827
9. Trust Fund (TF) Balance (000)	\$679,152	15	\$30.0 billion
10. Trust Fund as % of Total Wages*	2.34%	9	0.62%
Labor Force			
11. Total Unemployment (000)	92.5	n.a.	8,924
12. Insured Unemployed (000)***	29.8	n.a.	3,892
Reciency Rates (%)***			
13. Regular Programs	28%	38	37%
14. All Programs	32%	40	44%
15. Covered Employment (000)**	1,113	n.a.	133,887
16. Total Payroll Employment (000)	1,147	n.a.	137,046

Note: N.a. indicates that information is not available.

*Based on extrapolated wages for the most recent 12 months.

**Wages and Covered Employment lag the rest of the Data Summary information by six months.

Tax rate and base taxed must both be considered.

***Regular programs include State UI, UCFE (Unemployment Compensation for Federal Civilian Employees) and UCX (Unemployment Compensation for Ex-Service Members). Other programs include Emergency Unemployment Compensation and Extended Benefits, which may kick in after exhaustion of regular UI benefits (one-half of EB are usually funded by the state; the rest by federal dollars).

SOURCE: U.S. Department of Labor.

coverage and 4,542 workers from an alternative base period. NELP estimates as well that the total cost of reforms under the unemployment provisions that were incorporated into the ARRA would typically be about \$11.1 million annually in Mississippi, a figure that would vary with the unemployment rate.

Another potential reform relates to the extension of benefits beyond the regular 13- to 26-week period. Extended benefits may be offered during periods of especially high unemployment. With enabling legislation, Mississippi would currently be able to receive federally-funded extended benefits under the ARRA, in addition to the emergency benefits it already receives.⁶ NELP estimates that about 7,800 workers in Mississippi will exhaust their Emergency Unemployment

Compensation benefits before July 2009. These individuals would potentially qualify for Extended Benefits under the Total Unemployment Rate trigger, if enabling legislation were passed.⁶ A 2010 sunset provision would be acceptable in this case. More details are provided below.

If Mississippi were to expand coverage in accordance with some or all of the alternatives in the ARRA, it would likely find that its UI trust fund, ranked 9th highest in the nation in 2008, would quickly shrink after federal funding ceased. See Table 3, which provides basic financial information on Mississippi's UI program.

Mississippi's UI Program

Most payroll employees in the state are in covered jobs – that is, in jobs subject to the

Table 4. AVERAGE EMPLOYER CONTRIBUTION RATES BY STATE, 2007

STATE	Taxbase \$7,000 Except As Shown	Rate on Taxable Wages	Rate on Total Wages
United States	\$11,482	2.42	0.69
Alabama	\$8,000	1.42	0.36
Alaska	\$30,100	2.49	1.53
Arizona	\$7,000	1.51	0.34
Arkansas	\$10,000	2.30	0.76
California		4.18	0.73
Colorado	\$10,000	1.77	0.47
Connecticut	\$15,000	2.56	0.67
Delaware	\$8,500	2.19	0.46
Dist. of Columbia	\$9,000	2.03	0.32
Florida		1.48	0.34
Georgia	\$8,500	1.54	0.37
Hawaii	\$35,300	0.83	0.57
Idaho	\$29,200	1.15	0.76
Illinois	\$11,500	3.74	0.96
Indiana		2.75	0.61
Iowa	\$22,000	1.58	0.84
Kansas	\$8,000	1.45	0.48
Kentucky	\$8,000	2.64	0.68
Louisiana		1.42	0.33
Maine	\$12,000	1.82	0.67
Maryland	\$8,500	1.80	0.40
Massachusetts	\$14,000	3.56	1.04
Michigan	\$9,000	4.73	1.10
Minnesota	\$24,000	1.68	0.77
Mississippi		1.36	0.36
Missouri	\$11,000	2.21	0.67
Montana	\$22,700	1.20	0.78
Nebraska	\$9,000	1.65	0.47
Nevada	\$24,600	1.41	0.78
New Hampshire	\$8,000	1.24	0.26
New Jersey	\$26,600	2.03	0.88
New Mexico	\$18,600	0.95	0.47
New York	\$8,500	3.48	0.55
North Carolina	\$17,800	1.88	0.81
North Dakota	\$21,300	1.16	0.63
Ohio	\$9,000	2.51	0.64
Oklahoma	\$13,200	1.13	0.44
Oregon	\$29,000	1.95	1.16
Pennsylvania	\$8,000	5.01	1.06
Puerto Rico		3.18	1.06
Rhode Island	\$16,000	3.36	1.22
South Carolina		2.15	0.52
South Dakota	\$8,500	0.92	0.28
Tennessee		1.84	0.40
Texas	\$9,000	1.91	0.45
Utah	\$25,400	0.90	0.52
Vermont	\$8,000	2.87	0.74
Virgin Islands	\$20,500	0.20	0.11
Virginia	\$8,000	1.41	0.29
Washington	\$31,400	1.97	1.12
West Virginia	\$8,000	2.76	0.77
Wisconsin	\$10,500	2.69	0.79
Wyoming	\$18,100	1.41	0.66

SOURCE: U. S. Department of Labor Employment and Training Administration located at this website:
<http://www.ows.doleta.gov/unemploy/content/aetr-2007est.xls>

state UI payroll tax. This tax is levied on the first \$7,000 in annual earnings (Table 3, lines 8, 15, and 16). It averages 1.32% on taxable wages, is higher for new employers and for employers that have a relatively high percentage of (former) employees who qualify for benefits during a specified period. The maximum tax rate in 2008 was 5.4% on taxable wages, and the minimum rate was 0.7%.

The state's average weekly benefit paid in 2008 was \$183, which ranked it 43rd in the nation as a percentage of the average weekly wage and lowest in the country in terms of dollar value, except for Puerto Rico (lines 1, 2, and 5). The \$7,000 wage base on which the state UI tax is levied is ranked 49th, the lowest ranking possible but one shared with other states (Table 3, line 8). Table 4 shows the tax base and tax rate by state in 2007. Overall, the U.S. average tax base was \$11,482 and U.S. average tax rate on taxable wages, 2.42%.

In terms of reciprocity rates, that is, the percentage of the covered unemployed who receive benefits, Mississippi ranked 38th in its regular unemployment program, and 40th when emergency and extended benefits are included (Table 3, lines 13 and 14).

In Mississippi, the benefit period has a maximum of 26 weeks of regular benefits (see short article in box on eligibility). In 2008, 34% of workers exhausted their benefits and the average duration of benefits was 12.9 weeks. Under the Emergency Unemployment Compensation program that is currently in effect, recipients may be eligible for an additional 33 weeks of benefits.

A special act of Congress authorized Emergency Unemployment Compensation (EUC), but there are also provisions requiring that states offer extended benefits when trigger conditions are met. Mississippi does not yet (as of May) meet the current Extended Benefit (EB) triggers, which would go into effect after EUC emergency benefits are exhausted. The state usually pays half of these extended benefits, which may last 13 weeks, and the federal government the other half; however, under the ARRA, no matching funds will be required from the states in most

instances for persons who begin their EB benefits in 2009.⁷ Mississippi has the option of adopting the alternative Total Unemployment Rate trigger, under which it would now qualify for EB-- even if it sunsets that trigger as of 2010.

Where Are the Unemployed?

As the unemployment rate heads towards 10% and beyond, certain industries, regions, and workers are being hit harder than others. The unemployed workers in these regions and industries account for many of those now filing unemployment claims.

Table 2 of the "State Economic Outlook" article in this *Review* gives job loss by industry, and Appendix Table 1 of this article provides the numbers for the state's four metropolitan statistical areas (MSAs) by industry group as available.

The state map which follows shows that most counties are already experiencing unemployment rates of over 10% - only five counties north of Madison and Leake Counties in the center of the state had unemployment rates under 10% in March. Urban areas are faring better than rural areas on average. The eight counties with unemployment rates of over 15%, four in the Delta and four in the northeastern part of the state, are all rural counties.

On the coast, there has been a steep drop in construction and natural resources employment. In the Pascagoula MSA (Metropolitan Statistical Area), construction employment was down 28.7%, when the first quarter (Q1) of 2009 is compared to Q1 of 2008. The drop in the three near-by Gulfport-Biloxi counties was 6.1%. On the other hand, manufacturing on the coast has fared better than in the rest of the state, rising slightly in Pascagoula and falling a below-average 4.4% in Gulfport-Biloxi.

Manufacturing accounts for 28% of employment in Pascagoula and steady employment in this sector was a strong positive for the city, in light of job losses in the rest of the private sector. In Gulfport-Biloxi, almost four times as many persons are employed in leisure & hospitality as in manu-

Table 5. **LABOR FORCE DATA, MISSISSIPPI**
Annual Averages

	Civilian Labor Force (2008)	Unemployment Rate (2008)	Unemployment Rate (2009 Estimate)	Median earnings full-time year-round workers (2005-07)
TOTAL				
All Races	1,314,700	6.9%	10.0%	\$31,590
Black	399,395	12.0%	17.4%	\$24,565
White	884,948	4.6%	6.7%	\$36,091
Other*	30,357	7.3%	10.6%	n.a.
Hispanic	18,019	7.0%	10.2%	\$22,167
MALE				
All Races	687,776	6.3 %	9.1%	\$36,184
Black	183,873	12.1%	17.5%	\$27,644
White	486,735	4.1 %	5.9%	\$40,699
Other*	17,168	5.6%	8.1%	n.a.
Hispanic	11,918	6.0%	8.7%	\$22,476
FEMALE				
All Races	626,924	7.6%	11.0%	\$26,526
Black	215,522	12.0%	17.4%	\$21,942
White	398,213	5.1%	7.4%	\$30,402
Other*	13,189	9.5%	13.8%	n.a.
Hispanic	6,101	9.1%	13.2%	\$21,543

*Hispanic may be of any race. About 40% of those in the category 'Other' are listed as "Asian Alone".

SOURCE: Mississippi Department of Employment Security, 2009, and American Community Survey, U.S. Census. 2009 unemployment rates are author's extrapolations.

manufacturing, so the decline in tourism accounts for more job loss than the drop in manufacturing employment there. More detail is provided in Appendix Table 1. (Data on the health and education sector is not available for the coastal counties for reasons of confidentiality.)

By contrast, the Jackson MSA, which had a lower unemployment rate than either of the two coastal MSAs, suffered a 11.7% drop in manufacturing employment—more than the state average of 10%, due largely to the loss of 1,300 jobs in transportation equipment. Eight hundred jobs were lost in construction, a percentage drop of 5.7% that was less steep than the statewide fall. 1,700 jobs were gained in health and private sector education, a strong 4.6% rate of increase. Jackson's diversified base, which also includes a sizeable government sector, strengthens it in times of economic stress.

Hattiesburg lost more manufacturing jobs than either the coastal MSAs or Jackson, percentage-wise, and gained more government jobs. This was a strong positive for the area, since the government sector there accounts for a higher share of jobs (25%) than in Jackson (22%). This also helps to explain why the city's unemployment rate, 6.9%, was the lowest among the four MSAs in the first quarter.

It can be seen that regional variation in the composition of industry is a critical factor in explaining differences in unemployment. Unemployment compensation, then, can be a significant factor stabilizing the workforce in particular regions and industries.

Unemployment by Race and Gender

In addition to varying by region and industry, unemployment rates vary by population characteristics. On average, the

higher a person's educational level, the lower the chances of being unemployed. Unemployment also varies by age, race and gender. Workers under 25 years of age have unemployment rates that are higher than the state average, and blacks have higher unemployment rates than whites.

As Table 5 shows, blacks, whether men or women, had an average unemployment rate of about 12% in Mississippi in 2008. White men had an unemployment rate that was only about a third of that, 4.1%, and the unemployment rate of white women was just slightly higher at 5.1%. Assuming that similar ratios hold as the unemployment rate rises to 10%, the unemployment rate for blacks can be expected to hit 17.4% this year; the rate for whites, 6.7%, and for Hispanics, 10.2%. Some groups, then, are impacted much more than others by unemployment.

There are differences in occupations, education and pay that are tied to the characteristics of race and gender. The result is that blacks, women, and Hispanics have lower incomes, and so are hit especially hard by unemployment. Lower-income families have fewer assets to see them through rough economic times. Their extended families are also hard-pressed during times of recession as demands upon them increase. Nonprofits, another part of the social safety net, also suffer from increased demand for services and decreased donations during recession. As a result, families of blacks, women and Hispanics can suffer especially severe setbacks during a period of recession, and unemployment insurance can be especially critical to these families.

Final Considerations: Families and Unemployment

Families in which one or more wage earners lose their jobs bear costs greater than just that of wages lost. Savings are lost; illnesses, both mental and physical increase; debt levels often rise (inadequate medical insurance coverage can be a major factor); and the pursuit of a college education or other training may be postponed. Studies have documented a rise in suicide rates, mental and physical illnesses, domestic and other violence

among the unemployed.⁷ These problems become widespread during recessions and become a burden on society, not just on families. Any cost-benefit analysis of expanded unemployment coverage should take into account the costs of unemployment borne by families, as well as the benefits to society of increased family stability.

Concluding Remarks

The benefits to workers and employers from the state's unemployment insurance program are generally acknowledged. The expansion of coverage that could receive federal funding under the stimulus package entails both benefits and costs.

The many factors that should be taken into account when considering expanding unemployment coverage have only been briefly touched on in this article. One figure stands out: only a third of the unemployed received any unemployment compensation in 2008. Those who do not receive compensation rely heavily on family to tide them over, a burden that can be a severe strain, especially during times of recession.

A permanent expansion of coverage, with or without an increase in benefit levels, would mean a UI tax increase which would entail lower take-home wages, lower company profits, or higher prices for customers – or some combination thereof. The state would either have to increase its \$7,000 tax base or its tax rate, which now averages 1.84% on taxable wages (\$129 per worker annually).

In the short-run, federal funds are available under the ARRA to fund expanded and extended benefits. These funds will run out in two to three years. The state is currently eligible for Extended Benefits under the Total Unemployment Rate trigger, if it passes enabling legislation – even if that legislation sunsets in 2010. It is also eligible for federal funds to cover the cost of expanding coverage, if it passes enabling legislation that remains in effect until repealed.

The costs that society bears as a result of unemployment are well-documented: higher poverty rates, increased illness and violence are associated with unemployment.

Conversely, there are benefits gained when families remain stable and financially viable.

The decision regarding reform of the unemployment insurance system is becoming critical. As the unemployment rate approaches 10%, it is time to ask: would the benefits of expanded coverage outweigh its cost?

Written by Marianne Hill, Ph.D.

Notes

1. U.S. Department of Labor.

<http://www.ows.doleta.gov/unemploy/finance.asp>

Data on underemployment as well as on unemployment can be found at the U.S. Bureau of Labor Statistics. See "Labor underutilization – averages for the states, Q2 of 2008 through Q1 of 2009."

This document provides data on the total unemployed, plus on persons who have become discouraged and dropped out of the workforce or are working part-time but would prefer to work fulltime, and, finally, other workers who were "marginally attached to the labor force" --- that is, wanted and were available for work and had looked for a job sometime in the prior 12 months. Mississippi's official unemployment rate was 7.5% over this period, while the U-6 (expanded) unemployment rate was 12.6%. See

<http://www.bls.gov/lau/stalt09q1.htm>

2. Harries, Keith. "Behavioral and biochemical effects of job loss and unemployment stress." *Journal of Human Stress* 10. Department of Geography, UMBC, 1000 Hilltop Circle, Baltimore, MD 21250, U.S.A.

On the positive impact of EI on re-employment, "Finding the better fit: Receiving unemployment insurance increases likelihood of re-employment with health insurance" by Heather Boushey Jeffrey Wenger 04-14-05 April 14, 2005 | EPI/CEPR Issue Brief #205 at <http://www.epi.org/publications/entry/ib205/>

<http://www.pubmedcentral.nih.gov/articlerender.fcgi?artid=64495>

References articles documenting negative effects on mental and physical health.

<http://womenslawreports.blogspot.com/2008/10/domestic-violence-increases-with.html>

On relation of unemployment to domestic violence.

3. McMurrer, D. and A. Chasanov, "Trends in unemployment insurance benefits", *Monthly Labor Review*, September 1995. Comparisons with other countries can be found in "Unemployment Insurance in the U.S. and Abroad", *Monthly Labor Review*, April 1989; National Center for Policy Analysis, <http://www.ncpa.org/pub/ba475> ; and in M. Walker and R. Thurow, "U.S. and Europe an ocean apart on human toll of joblessness" *Wall Street Journal* 5/07/09.

4. See June 2008 *Mississippi Economic Review and Outlook*, p. 5 and 6.

5. U.S. Department of Labor website www.dol.gov

http://wdr.doleta.gov/directives/corr_doc.cfm?docn=2715

Excerpt: What provisions must my law contain to qualify for an incentive payment under the base period provision? There are two options:

- A regular base period that includes the most recently completed calendar quarter before the start of the benefit year, or
- An alternative base period that includes the most recently completed calendar quarter, when the claimant cannot meet monetary qualifying requirements using a "regular" base period that excludes this quarter.

6. The Mississippi Department of Employment Security notes: "Mississippi, like all states, is required to administer the EB program when state EB triggers are met. The recent change was that 100% Federal Funds

could be utilized in most instances for the payment of Extended Benefits. The 100% Federal funding does not extend to past employees drawing against State and Local Government or federally identified Indian tribes.”

NELP, 2/19/09 Fact Sheet: “Question and Answer: The Economic Recovery Bill’s New ‘Extended Benefits’ (EB) State Option.”

<http://www.unemployedworkers.org/sites/unemployedworkers/index.php>

Excerpt: “The ARRA temporarily shifts the costs of the EB program entirely to the federal government for the remainder of 2009 (and phasing out through June 2010), thus removing the requirement that states pay 50% of EB benefits.” If states are especially concerned about the long-term financial impact of the EB trigger, they can also sunset the legislation in 2010 as 100% EB funding will only be eligible for workers and their families who exhaust EUC in 2009.

Optional Total Unemployment Rate Trigger: States can also trigger on to EB benefits if the total unemployment rate (TUR)--the standard unemployment rate published by the Bureau of Labor Statistics every month--exceeds 6.5% over a three-month period. Like the Insured Unemployment Rate (IUR) requirement, the TUR has to be increasing, but only by 10% over each of the past two years. If the state exceeds the 6.5% TUR, workers are entitled to an extra 13 weeks of EB. If the state exceeds 8.0% unemployment, workers are entitled to 20 weeks of EB. In contrast to the IUR trigger, the TUR trigger only applies to those states that have passed a law adopting the more generous EB option.

Currently, only eleven states have adopted the optional TUR trigger rule to access EB. Indeed, another 15 states could now trigger on to EB using the TUR option if they adopt the required EB law. As of February 15th, 2009, these states include Mississippi (13 weeks), (Table 2).

The DOL website below lists which states are eligible for full federal funding of extended benefits this year. Note that a 5% insured unemployment rate would likely

trigger unemployment benefits in MS. In 2008, the Insured Unemployment Rate was 2.3% in Mississippi.

http://ows.doleta.gov/unemploy/trigger/2009/trig_052409.html

7. Andrew Steptoe, Jane Wardle editors. *Psychosocial Processes and Health: A Reader*. Cambridge University Press, 1994. KA Moser, AJ Fox, DR Jones, “Social stress and trauma: Synthesis and spatial analysis” finds that the mortality rate is higher among women married to unemployed men.

Sources and References

Mississippi Department of Employment Security. www.mdes.ms.gov

National Employment Law Project, www.nelp.org

U.S. Department of Labor.

Detailed data by state is available from Quarterly Program and Financial Data <http://www.ows.doleta.gov/unemploy/finance.asp>

Information on state laws, including Mississippi’s, for 2009: <http://www.ows.doleta.gov/unemploy/statelaws.asp>

Summary of data on unemployment programs in all the states in 2008: http://www.ows.doleta.gov/unemploy/content/data_stats/datasum08/DataSum_2008_4.pdf

On significant measures of state UI tax systems: <http://www.ows.doleta.gov/unemploy/finance.asp>

Directives on stimulus funding: http://wdr.doleta.gov/directives/corr_doc.cfm?docn=2715

Data by state on weekly benefit claims. <http://www.ows.doleta.gov/unemploy/claim.s.asp>

Appendix Table 1. **MSA EMPLOYMENT BY SECTOR (Thousands)**

	Jan - Mar 2008	Jan - Mar 2009	Percent Change
Gulfport-Biloxi			
Unemployment Rate (percent)	5.1%	7.7%	51%
Total Nonfarm Employment	109.9	107.0	-2.6%
Natural Resources & Construction	7.1	6.6	-6.1%
Manufacturing	6.0	5.7	-4.4%
Trade, Transportation & Utilities	19.3	19.0	-1.6%
Retail Trade	13.2	13.0	-1.5%
Leisure & Hospitality	23.6	22.3	-5.5%
Government	24.3	24.7	1.5%
Federal	8.4	8.3	-2.0%
State	2.3	2.5	7.2%
Local	13.6	14.0	2.7%
Local Education	6.3	6.3	0.5%
Hattiesburg			
Unemployment Rate (percent)	4.9%	6.9%	39%
Total Nonfarm Employment	61.2	59.8	-2.3%
Natural Resources & Construction	n.a.	n.a.	n.a.
Manufacturing	4.7	4.0	-14.2%
Trade, Transportation & Utilities	13.1	12.9	-1.0%
Retail Trade	9.4	9.1	-2.8%
Leisure & Hospitality	7.6	7.4	-2.2%
Government	14.5	14.9	2.8%
Federal	0.8	0.9	17.4%
State	4.0	4.2	3.3%
Local	9.7	9.8	1.4%
Local Education	4.1	4.3	3.2%
Jackson (see next page)			
Pascagoula			
Unemployment Rate (percent)	5.6%	8.7%	55%
Total Nonfarm Employment	59.4	58.0	-2.3%
Natural Resources & Construction	6.0	4.3	-28.7%
Manufacturing	16.0	16.1	0.6%
Trade, Transportation & Utilities	8.4	8.3	-1.2%
Retail Trade	6.3	6.0	-4.8%
Leisure & Hospitality	n.a.	n.a.	n.a.
Government	11.3	11.6	2.7%
Federal	0.8	0.8	0.0%
State	0.4	0.5	15.4%
Local	10.0	10.3	2.3%
Local Education	4.8	4.9	1.4%

Appendix Table 1. **MSA EMPLOYMENT BY SECTOR (Thousands)** (continued)

	Jan - Mar 2008	Jan - Mar 2009	Percent Change
Jackson			
Unemployment Rate (percent)	4.9%	7.3%	49.0%
Total Nonfarm Employment	261.2	256.7	-1.7%
Natural Resources & Mining	0.8	1.0	25.0%
Construction	13.4	12.6	-5.7%
Manufacturing	20.0	17.6	-11.7%
Durable Goods	13.6	11.6	-14.7%
Transp Equip	6.1	4.8	-21.3%
Nondurable Goods	6.4	6.0	-5.2%
Trade, Transportation & Utilities	52.6	50.7	-3.5%
Wholesale Trade	11.9	11.5	-3.9%
Retail Trade	29.2	28.3	-3.2%
Transp, Warehs, Utilities	11.5	11.0	-4.1%
Information	4.4	4.4	0.8%
Financial Activities	16.4	16.1	-1.6%
Finance & Insurance	12.6	12.4	-1.6%
Professional & Business	30.3	28.8	-5.1%
Prof, Sci, & Technical	12.4	11.6	-5.9%
Admin & Support	13.4	12.6	-6.2%
Education & Health	35.7	37.4	4.6%
Health Care & Soc Asst	29.3	30.8	5.4%
Hospitals	9.4	9.4	-0.4%
Leisure & Hospitality	22.0	21.3	-3.2%
Accomod & Food	20.1	19.9	-1.2%
Other Services	10.0	9.8	-2.0%
Government	55.6	57.0	2.5%
Federal	6.1	6.1	0.5%
State	26.8	27.7	3.5%
State Education	6.9	7.1	3.4%
Local	22.7	23.1	1.8%
Local Education	14.7	14.8	0.9%

Note: The Gulfport-Biloxi MSA (Metropolitan Statistical Area) includes Hancock, Harrison and Stone Counties. The Hattiesburg MSA includes Forrest, Lamar and Perry Counties. The Jackson MSA includes Copiah, Hinds, Madison, Rankin and Simpson Counties. The Pascagoula MSA includes Jackson and George Counties.

SOURCE: Mississippi Department of Employment Security, April 2009.