

GAO

Report to the Chairman, Subcommittee
on Income Security and Family
Support, Committee on Ways and
Means, House of Representatives

September 2007

UNEMPLOYMENT INSURANCE

Low-Wage and Part- Time Workers Continue to Experience Low Rates of Receipt



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Abbreviations

CPS	Current Population Survey
SIPP	Survey of Income and Program Participation
UI	Unemployment Insurance

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United States Government Accountability Office
Washington, DC 20548

September 7, 2007

The Honorable Jim McDermott
Chairman
Subcommittee on Income Security
and Family Support
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

The Unemployment Insurance (UI) program has been a key component in ensuring the financial security of America's workforce for more than 70 years. The UI program is a federal-state partnership designed to partially replace lost earnings of individuals who become unemployed through no fault of their own. In fiscal year 2006, the UI program covered about 130 million wage and salary workers and paid about \$30 billion in benefits to about 7 million workers who lost their jobs.

The UI program was established in 1935. At that time, most of the labor force consisted of men who were employed full-time in the manufacturing or trade sectors. Since then, the nature of both work and unemployment has changed in fundamental ways. In recent decades there have been increases in the share of low-wage jobs, the incidence of temporary and contingent work, the number of women in the workforce and the number of two-earner families, and the average duration of unemployment. Given these changes in the labor force, questions about the types of workers who are most likely to receive benefits require further investigation.

You asked that we provide information about the extent to which different groups of workers are being served by the UI program. This current work updates a prior GAO report that assessed UI's role as a safety net for low-wage workers.¹ Specifically, this report examines (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-

¹ GAO, *Unemployment Insurance: Role as Safety Net for Low-Wage Workers Is Limited*, GAO-01-181 (Washington, D.C.: Dec. 29, 2000).

wage workers; and (3) the likelihood that unemployed part-time workers receive UI benefits.

To address these issues, we used a combination of methods. To determine the long-term trends in the usage of the UI program, we analyzed data on UI regular program reciprocity rates provided by the Department of Labor. To compare the likelihood that low-wage unemployed workers receive UI benefits with that of other workers, we examined data from the Survey of Income and Program Participation (SIPP), a nationally representative database maintained by the Bureau of the Census,² after determining that these data were sufficiently reliable for the purpose of this report. For our purposes, SIPP data were available for the period 1992 through 1995, 1998, and 2003.³ We ran analyses for all workers ages 16 to 64 who had an employment history within the past 27 months, using their employment status in March of each year.⁴ We excluded individuals who were new entrants to the labor force, as well as those with a history of self-employment; thus, our unemployment rates are not directly comparable to national unemployment rates.⁵ We defined “low-wage” as an hourly wage which is less than that required for a full-time worker (40 hours per week/52 weeks per year) to earn the Census poverty threshold for a family of four, e.g., less than \$8.97 per hour in 2003. We defined a “low-wage

² Our analysis compares UI rates of receipt for low-wage and higher-wage workers. Many factors contribute to this difference in rates of receipt that are not examined in this simple descriptive analysis, but which would be important for a more comprehensive analysis. For example, a more comprehensive analysis might control for workers’ reasons for leaving work, union membership, recent work history, and other factors when comparing reciprocity for low-wage and higher-wage workers or when comparing reciprocity for part-time and full-time workers.

³ New SIPP panels were initiated each year from 1990 to 1993, in 1996, and in 2001. These panels provided us with 27-month employment histories for sample members in 1992 through 1995, 1998, and 2003. Data for 1996, 1997, and 1999-2002 were not available because no new SIPP panels were initiated in the years 1994, 1995, 1997, 1998, or 1999. A 3-year panel was started in 2000 but cancelled after 8 months for budgetary reasons, and thus could not be used for our analysis. Unweighted sample sizes by year can be found in appendix I, table 4.

⁴ Sample members were age 16 or older at the start of the 27-month panel and 64 or younger at the end of the 27-month panel; thus they were age 18 to 64 in March of the panel year when we determined employment status and UI rates of receipt.

⁵ Our analyses of UI reciprocity rates by employment status and by work tenure (weeks worked prior to employment) were further restricted to a subsample of persons who were unemployed in March of the last panel year and who had a job during the 15 months prior to unemployment (as compared with the 27-month lookback period for the original sample).

worker” as an individual who earned a low wage in at least half of his or her most recent 6 months of employment.

We conducted our work between June and August 2007 in accordance with generally accepted government auditing standards.

On July 30, 2007, we briefed your staff on the results of our work. This letter formally conveys the information provided during that briefing. Appendix I contains the briefing slides.

In summary, we found that the UI regular program reciprocity rate gradually declined from the 1950s through the 1980s. Since the mid-1980s, the reciprocity rate has shown modest increase, but still remains below the near-50 percent rate of the 1950s.

We found significantly lower UI rates of receipt among low-wage unemployed workers compared with those of higher-wage unemployed workers. During the period covered by our analysis, we observed that although low-wage workers were almost two-and-one-half times as likely to be out of work as higher-wage workers, they were about half as likely to receive UI benefits. This was true even when job tenure for both groups was similar: for example, among unemployed workers who had worked for 35 weeks or more in the year prior to their unemployment, low-wage workers were still about half as likely to receive UI benefits as higher-wage workers. We also observed that low-wage workers were likely to be employed in the retail trade and services sectors, the two industry sectors with the lowest rates of UI receipt. Furthermore, we found low-wage workers received UI at significantly lower rates within most industry sectors, and regardless of whether they were part-time or full-time. Low levels of UI receipt among low-wage workers may be explained by the circumstances and preferences of low-wage workers coupled with UI eligibility rules, particularly the base period for meeting the minimum earnings requirement for UI and reasons for separating from work. To determine eligibility for UI, many states consider wages earned and/or hours worked in the first 4 of the last 5 completed calendar quarters preceding the claim; thus, a worker’s most recent work history is not included in the eligibility determination. For low-wage workers with sporadic work histories, this restriction can make it more difficult to achieve the earning level necessary for eligibility.

Unemployed part-time workers were significantly less likely to collect UI than those who were full-time. During the period covered by our analysis, among unemployed workers who had worked for at least 35 weeks in the

past year, part-time workers received UI benefits at a rate of 29 percent, compared to 50 percent for full-time workers. Furthermore, unemployed part-time workers were less likely to receive UI than full-time workers regardless of whether they were low-wage or higher-wage. Low levels of UI receipt among part-time workers may be explained by many of the same factors that affect low-wage workers, because part-time workers generally have lower pay, less-skilled jobs, and less job security than full-time workers. In addition, 32 states do not consider workers eligible for UI if they are only available for part-time work, according to the National Employment Law Project.

We provided a draft of this report to officials at the Department of Labor for their review. Labor generally agreed with our findings, and noted that this work is consistent with previous research on the topic. They provided technical comments, which we have incorporated where appropriate.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 14 days after the date of this letter. At that time, we will send copies of this report to the Secretary of Labor and other interested parties. We will also provide copies to others on request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me on (202) 512-7215. You may also reach me by e-mail at fagnonic@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix II.

Sincerely yours,



Cynthia M. Fagnoni
Managing Director, Education, Workforce,
and Income Security Issues

Unemployment Insurance: Low-Wage and Part-Time Workers Continue to Experience Low Rates of Receipt

**Briefing for Staff of
The Honorable Jim McDermott, Chair
Subcommittee on Income Security and Family Support
Committee on Ways and Means
U.S. House of Representatives**

July 30, 2007

Introduction

- The Unemployment Insurance (UI) program is a federal-state partnership designed to partially replace lost earnings of individuals who become unemployed through no fault of their own (for “good cause”).
- In fiscal year 2006, the UI program covered about 130 million wage and salary workers and paid about \$30 billion in benefits to about 7 million workers who lost their jobs.

Introduction

- The UI program was established in 1935. At that time, most of the labor force consisted of males who were employed full-time in the manufacturing or trade sectors. Since then, the nature of both work and unemployment has changed in fundamental ways. In recent decades there has been a rise in:
 - The percentage of low-wage jobs
 - Temporary and contingent work
 - The average duration of unemployment
 - Women in the workforce
 - Two-earner families
- In addition, there has been a recognition of the need for workers to balance their work with family obligations, potentially affecting eligibility.
- This current briefing updates a prior GAO report that assessed UI's role as a safety net for low-wage workers.¹

¹GAO, *Unemployment Insurance: Role as Safety Net for Low-Wage Workers Is Limited* GAO-01-181 (Washington, D.C.: Dec. 29, 2000).

Objectives

- What is the overall trend in the usage of UI?
- How likely are low-wage workers to be unemployed and to receive UI benefits, especially when compared with other workers?
- How likely are unemployed part-time workers to receive UI benefits?

Scope and methodology

- To determine the overall trend in the usage of UI, we analyzed national data on the UI regular program reciprocity rate – the measure most commonly used to assess the effect of the UI program – provided by the Department of Labor for the years 1950 to 2006, after determining that these data were reliable for our purpose. The regular program reciprocity rate effectively measures the percentage of the unemployed who apply for UI benefits. It is calculated by dividing the number of claims filed weekly with the state programs by the total number of unemployed as counted in the Bureau of the Census' Current Population Survey (CPS). The rate includes those claims that eventually resulted in benefits as well as those claims that were denied.
- To compare low-wage workers to other workers, and part-time workers to full-time workers, we analyzed Survey of Income and Program Participation (SIPP) survey data for the years 1992 to 1995, 1998, and 2003,² after ensuring that these data were reliable for our purpose. We ran analyses for all workers age 16 to 64,³ using their employment status in March of each year, and looking back at 27 months of their employment history. Our unweighted sample sizes for each year are shown in appendix II, table 4.

² Data for 1996, 1997, and 1999-2002 were not available.

³ Sample members were age 16 or older at the start of the 27-month panel and 64 or younger at the end of the 27-month panel; thus they were age 18 – 64 in March of the panel year when we determined employment status and UI rates of receipt. 5

Scope and methodology (cont.)

- While SIPP data are nationally representative, the unemployment rates we estimated are not comparable to national unemployment rates primarily because our analysis did not include new entrants into the labor force, as new entrants do not have a wage history.
- In our analysis of SIPP data, we define the “UI rate of receipt” as the percentage of the unemployed who received any income from UI. This definition is not directly comparable to the Department of Labor’s regular program reciprocity rate, which effectively measures the percentage of the unemployed who apply for UI benefits.
- Our analysis compares UI rates of receipt for low-wage and higher-wage unemployed workers. Many factors contribute to this difference in rates of receipt that are not examined in this simple descriptive analysis, but which would be important for a more comprehensive analysis.⁴ For example, a more comprehensive analysis might control for workers’ reasons for leaving work, union membership, recent work history, and other factors when comparing reciprocity for low-wage and higher-wage workers.

⁴ A multivariate analysis of UI use that GAO conducted in 2006, which controlled for many such factors including simulated UI eligibility, also found that low-wage workers were less likely to receive UI benefits than higher-wage workers. GAO, *Unemployment Insurance: Factors Associated with Benefit Receipt*, GAO-06-342 (Washington, D.C.: Mar. 7, 2006).

Scope and methodology (cont.)

- We excluded people with a history of self-employment, because self-employment is not covered by UI.
- We excluded new entrants to the labor force, because we needed a work history to determine whether workers were “low wage.”
- We defined “low wage” as an hourly wage which is less than that required for a full-time worker (40 hours per week/52 weeks per year) to earn the Census poverty threshold for a family of four (less than \$8.97 per hour in 2003.)
- We defined a “low-wage worker” as a person who earned a low wage in at least half of his or her most recent 6 months of employment.

Results in Brief

- Objective 1: The UI regular program reciprocity rate has risen since a low point in the mid-1980s, but is still below the rate of approximately 50 percent in the 1950s.
- Objective 2: From 1992 to 2003,⁵ low-wage workers were almost two-and-a-half times as likely to be out of work as higher-wage workers, but about half as likely to receive UI benefits.
 - Even among unemployed workers who had worked for similar periods of time, low-wage workers were still less likely to receive UI benefits than higher-wage workers.
 - Unemployed low-wage workers were most likely to have been employed in the retail trade and services sectors, the two industry sectors that had the lowest UI rates of receipt.

⁵ Data for 1996, 1997, and 1999-2002 were not available.

Results in Brief (cont.)

- Objective 2 (cont.)
 - Low levels of UI receipt among low-wage workers may be explained by the circumstances and preferences of low-wage workers (such as intermittent employment) coupled with UI eligibility rules, particularly the base period for meeting the minimum earnings requirement, and the good-cause requirements for reasons for separating from work.
- Objective 3: Unemployed workers who were part-time at their last job were significantly less likely to collect UI than those who were full-time.
 - Part-time workers generally have lower pay than full-time workers and therefore face many of the same issues facing low-wage workers.
 - In addition, UI eligibility rules in 32 states do not cover workers who are only available for part-time work,⁶ according to the National Employment Law Project (NELP).

⁶ In counting states that cover workers who are available only for part-time work, NELP excludes several states that have laws requiring more than a majority of part-time work during the base period and one state where the part-time work provision sunsets in 2008.

Background

- The UI program was established by Title III of the Social Security Act in 1935.
- UI is a key component in ensuring the financial security of America's workforce.
- The UI program's primary objective is to temporarily replace a portion of earnings for workers who become unemployed through no fault of their own.

Background (cont.)

- To receive UI benefits, an unemployed worker generally must meet the state minimum earning requirements (a minimum amount of earnings and/or employment) over a defined base period. In addition, workers must have become unemployed for good cause as determined under state law, and be able and available to work.
- Federal law provides minimum guidelines for state programs and authorizes grants to states for program administration.
 - States design their own programs, within the guidelines of federal law, and determine key elements of these programs, including who is eligible to receive state UI benefits, how much they receive, and the amount of taxes that employers must pay to help provide these benefits.⁷
 - State unemployment tax revenues are held in trust by the Secretary of the Treasury and are used by the states to pay for regular weekly UI benefits, which typically can be received for up to 26 weeks.

⁷ UI benefits are funded through payroll taxes levied on employers. All state UI systems are experience-rated so that employers' contributions vary according to how much or how little their workers received unemployment benefits.

Background (cont.)

- During the years we examined between 1992 and 2003,⁸ low-wage workers made up about 50 percent of the unemployed former workers in our sample of the experienced labor force, even though they were only about 30 percent of the total experienced labor force.⁹
- Previous GAO work has shown that the likelihood of receiving UI benefits among UI-eligible workers is lower for those with lower annual earnings, controlling for a range of economic and demographic factors.¹⁰

⁸ Analysis based on SIPP data. Data for 1996, 1997, and 1999-2002 were not available.

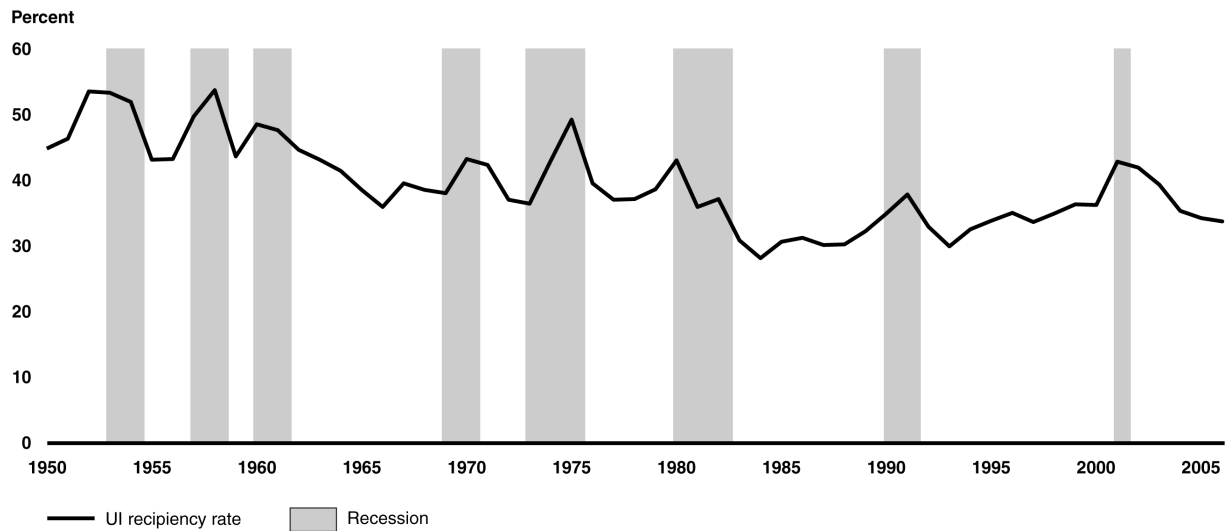
⁹ Our calculations of unemployed former workers excluded people who did not have a job in the 27-month period before the month that they were unemployed. Thus, all new entrants and some reentrants into the labor force were excluded.

¹⁰ GAO, *Unemployment Insurance: Factors Associated with Benefit Receipt*, GAO-06-342 (Washington, D.C.: Mar. 7, 2006).

Objective 1: Overall Trend in UI Usage

From 1950 through the mid-1980s, the UI regular program reciprocity rate gradually declined, dropping to its lowest point in the early 1980s. Since the mid-1980s, the UI reciprocity rate has shown modest increase.

Average UI Reciprocity Rate since 1950



Source: GAO analysis of Department of Labor data for state UI programs.

Note: Recession years are shaded. Any year with at least one quarter in a business cycle contraction (as defined by the National Bureau of Economic Research) is defined as a recession year.

Objective 1: Overall Trend in UI Usage

Several factors may explain the decline in UI reciprocity.

- There is some evidence that the general decline in UI reciprocity since the 1950s is partly explained by the reduction in union employment—making workers less aware of benefits— and the migration of manufacturing from high-benefit states to low-benefit states—making applying for benefits less remunerative.

Objective 2: Low-Wage Workers

Low-wage workers were more than twice as likely to be unemployed, but about half as likely to receive UI benefits.

- During the years we examined between 1992 and 2003,¹¹ low-wage workers were almost two and a half times as likely to be out of work as higher-wage workers, but about half as likely to receive UI benefits.¹²

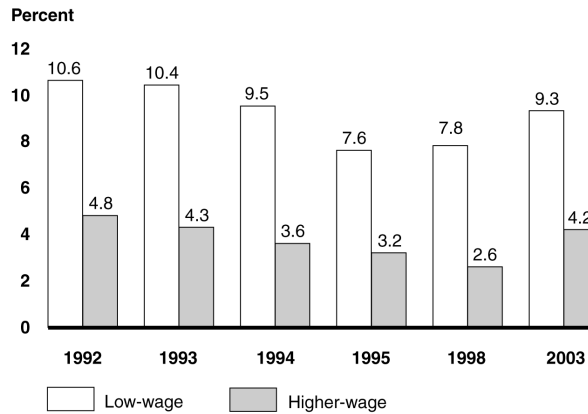
¹¹ Data for 1996, 1997, and 1999-2002 were not available.

¹² In addition to the results presented here, we also ran all analyses using the SIPP for a sample of “prime age workers” (age 22 to 54), for comparison purposes. Results were similar, although the difference in UI receipt rates between low-wage and other workers was somewhat smaller than among workers aged 16 to 64, as was the difference between part-time and full-time workers.

Objective 2: Low-Wage Workers

Compared with higher-wage workers, low-wage workers were at least twice as likely to be unemployed between 1992 and 2003.

Unemployment rate, 1992 to 2003



Source: GAO analysis of SIPP data.

Notes: Data for 1996, 1997, and 1999 to 2002 were not available.

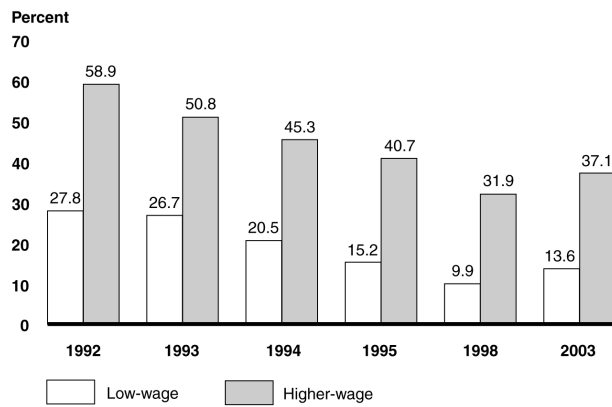
Differences between low- and higher-wage workers in every year were significant at the 99 percent confidence level or higher.

The overall unemployment rates we calculated differ from the standard unemployment rates provided by the Bureau of Labor Statistics. For the 6 years presented, standard rates were 7.5 percent for 1992, 6.9 percent for 1993, 6.1 percent for 1994, 5.6 percent for 1995, 4.5 percent for 1998, and 6.0 percent for 2003. These rates differ because our calculations excluded workers who were new entrants to the labor force, those who had a history of self-employment, and those who were younger than 18 or older than 64 in March of the survey year, and because there were technical differences between the database we used for our calculations (SIPP) and that used for the standard unemployment rates (CPS).

Objective 2: Low-Wage Workers

At the same time, unemployed low-wage workers received UI benefits at less than half the rate of higher-wage workers in almost every year.

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 or higher.

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.

Objective 2: Low-Wage Workers

Even with similar work tenures, unemployed low-wage workers were still less likely to receive UI benefits than unemployed higher-wage workers.

- Fifty-five percent of unemployed higher-wage workers who had worked at least 35 weeks during the year collected UI.
- In comparison, 30 percent of unemployed low-wage workers with similar work tenures collected UI.

Objective 2: Low-Wage Workers

Even with similar work tenures, unemployed low-wage workers were still less likely to receive UI benefits than unemployed higher-wage workers.

UI Rate of Receipt for Unemployed Low-Wage and Higher-Wage Workers, by Number of Weeks Worked, Combining SIPP Data for Years 1992-2003

Weeks worked prior to unemployment: ^b	UI rate of receipt ^a			Relative likelihood of receiving UI (UI rate of receipt for low-wage workers divided by rate for higher-wage workers) ^c
	Low-wage workers (percent)	Higher-wage workers (percent)	All (percent)	
35 weeks or more	29.6	55.0	45.1	.538
20 - 34 weeks	24.4	46.1	33.8	.529
Less than 20 weeks	12.0	25.4	16.5	.470
All	21.8	47.9	34.9	.455

Source: GAO analysis of SIPP data.

Notes: SIPP data from 1992 to 1995, 1998 and 2003. Data for 1996,1997, and 1999 to 2002 were not available.

Differences between low- and higher-wage workers in each work tenure group were significant at the 99 percent confidence level or higher.

^aWe 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.

^bWeeks worked prior to unemployment is the sum of the number of weeks that the person worked in the 12-month period immediately before his or her unemployment. Data are restricted to a subsample of unemployed persons who had a job during the 15 months prior to unemployment.

^cFor example, among those who had worked 35 weeks or more in the year prior to their unemployment, low-wage workers were 54 percent as likely to receive UI as higher-wage workers.

Objective 2: Low-Wage Workers

Circumstances and preferences of low-wage workers may run counter to UI eligibility rules.

- Low levels of UI receipt among unemployed low-wage workers may be explained in part by the circumstances and preferences of low-wage workers coupled with state UI eligibility rules, particularly:
 - the base period for meeting the minimum earnings requirement, and
 - reasons for separating from work.

Objective 2: Low-Wage Workers

The base period for meeting the minimum earnings requirement for UI may make eligibility difficult for some low-wage workers.

- To determine eligibility for UI, 31 states¹³ consider wages earned and/or hours or weeks worked in the first 4 of the last 5 completed calendar quarters preceding the claim, according to the National Employment Law Project.
 - Because the base period in many states excludes the latest calendar quarter, a worker's most recent work history is not used in making the eligibility determination.
 - For low-wage workers with sporadic work histories this exclusion of recent earnings may make it more difficult to achieve the minimum earning level necessary for eligibility.

¹³ Out of 51; the remainder, including the District of Columbia, have an alternative base period

Objective 2: Low-Wage Workers

Many states do not recognize family obligations as good cause for leaving employment, which may make eligibility difficult for some low-wage workers.

- Good cause: To be eligible for UI, a person who voluntarily leaves work must have good cause, as determined under state law.
- For low-wage workers, particularly those without paid sick leave, however, issues such as caring for children or sick family members may make keeping a job more challenging or result in preferences for certain types of work.
 - According to the National Employment Law Project, 35 states¹⁴ do not recognize serious illness or disability of a family member as good cause for leaving employment.

¹⁴ Including the District of Columbia.

Objective 2: Low-Wage Workers

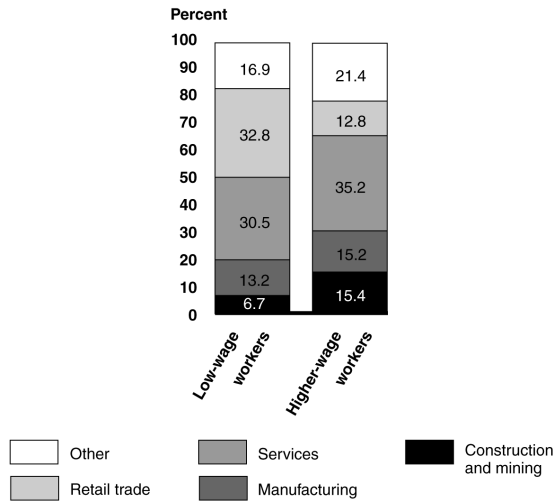
Low-wage workers are more likely to have worked in industries that have low rates of UI receipt overall.

- In 2003, 63 percent of low-wage unemployed workers had been employed in jobs from retail trade and services, as opposed to about one-half (48 percent) of higher-wage workers.
- Compared with all other industry sectors, the retail trade and services industries had the lowest UI rates of receipt.

Objective 2: Low-Wage Workers

Sixty-three percent of low-wage unemployed workers had been employed in jobs from retail trade and services, as opposed to about one-half (48 percent) of higher-wage workers.

Industry Sector of Last Job for Unemployed Low-Wage and Higher-Wage Workers



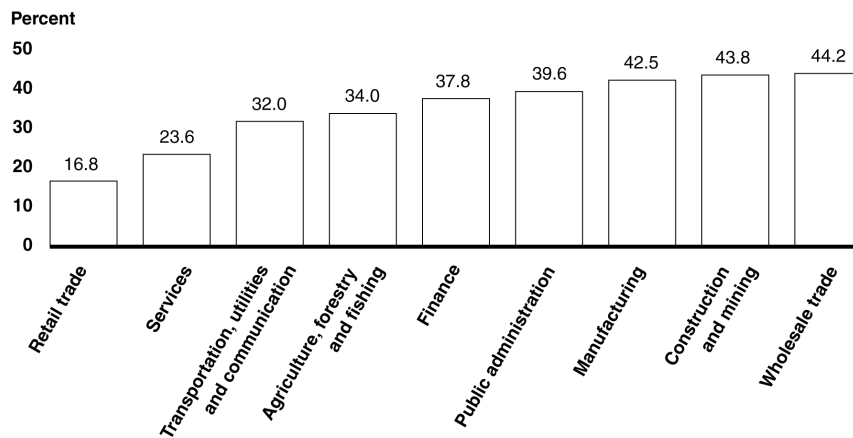
Source: GAO analysis of SIPP data, March 2003.

Note: "Services" includes private household services, business services, personal services, entertainment/recreational services, hospitals, medical services, educational services, social services, and other professional services.

Objective 2: Low-Wage Workers

Compared with all other industry sectors, the retail trade and services industries had the lowest UI rates of receipt.

Average UI Rate of Receipt by Industry, March 2003.



Source: GAO analysis of 2003 SIPP data.

Note: "Services" includes private household services, business services, personal services, entertainment/recreational services, hospitals, medical services, educational services, social services, and other professional services.

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.

Objective 2: Low-Wage Workers

Within many industry sectors unemployed low-wage workers had lower rates of UI receipt than unemployed higher-wage workers.

UI Rate of Receipt by Industry of Last Job and Low-Wage / Higher-Wage Status, March 2003.

Industry	UI rate of receipt ^a		Total (percent)
	Low-wage workers (percent)	Higher-wage workers (percent)	
Construction and mining ^b	16.5	52.3	43.8
Manufacturing ^b	26.6	52.6	42.5
Services ^b	10.5	31.8	23.6
Retail trade ^b	8.4	32.6	16.8
Transportation and utilities ^b	7.9	41.4	32.0
Public administration ^c	13.2	48.7	39.6
Wholesale trade ^c	24.1	51.9	44.2
Agriculture ^c	38.2	27.1	34.0
Finance ^c	28.5	43.0	37.8
Total	14.8	40.5	29.7

Source: GAO analysis of SIPP data, March 2003.

^aWe 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.

^bDifferences between low- and higher-wage workers are significant at the 99 percent confidence level.

^cDifferences between low- and higher-wage workers are not statistically significant.

Objective 3: Part-Time Workers

Unemployed workers who were part-time at their last job were significantly less likely to collect UI than unemployed workers who were full-time at their last job.

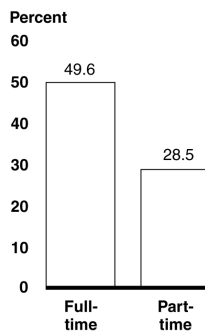
- Part-time workers generally have lower pay, less-skilled jobs, and less job security than full-time workers; thus they face many of the same issues facing low-wage workers.
- In addition, 32 states¹⁵ do not consider workers eligible for UI if they are only available for part-time work, according to the National Employment Law Project.

¹⁵ Out of 51; the remainder, including the District of Columbia, have some coverage for workers seeking part-time employment.

Objective 3: Part-Time Workers

Even when workers had similar job tenures, unemployed workers who had been full-time at their last job were more likely to receive UI than those who had been part-time.

UI Rate of Receipt by Part/Full-Time Status, Unemployed Workers with at Least 35 Weeks of Employment in the Past Year



Source: GAO analysis of SIPP data.

Notes: SIPP data from 1992 to 1995, 1998, and 2003. Data for 1996, 1997, and 1999 to 2002 were not available.

The difference between full-time and part-time workers was significant at the 99 percent confidence level.

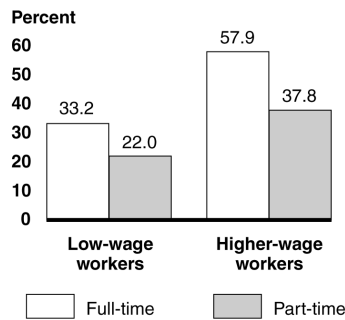
Full-time employment is defined as 35 hours per week or more. Data are restricted to a subsample of unemployed persons who had a job during the 15 months prior to unemployment.

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.

Objective 3: Part-Time Workers

Part-time, low-wage unemployed workers were the least likely to receive UI.

UI Rate of Receipt by Wage and Part/Full-Time Status, Unemployed Workers with at Least 35 Weeks of Employment in the Past Year



Source: GAO analysis of SIPP data.

Notes: SIPP data from 1992 to 1995, 1998, and 2003. Data for 1996, 1997, and 1999 to 2002 were not available.

Differences between full-time and part-time workers and differences between low-wage and higher-wage workers were all significant at the 99 percent confidence level.

Full-time employment is defined as 35 hours per week or more. Data are restricted to a subsample of unemployed persons who had a job during the 15 months prior to unemployment.

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.

Appendix Tables

Appendix Table 1: Unemployment Rates for Low-Wage and Higher Wage Workers

	Unemployment rate ^a		
	Low-wage workers (percent)	Higher-wage workers (percent)	Overall (percent)
March 1992	10.6	4.8	6.5
March 1993	10.4	4.3	6.2
March 1994	9.5	3.6	5.5
March 1995	7.6	3.2	4.6
March 1998	7.8	2.6	4.2
March 2003	9.3	4.2	5.5
All years, 1992-2003	9.2	3.8	5.4

Source: GAO analysis of SIPP data.

Notes: SIPP data from 1992 to 1995, 1998, and 2003. 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.

^aThe overall unemployment rates we calculated differ from the standard unemployment rates provided by the Bureau of Labor Statistics. For the 6 years presented, standard rates were 7.5 percent for 1992, 6.9 percent for 1993, 6.1 percent for 1994, 5.6 percent for 1995, 4.5 percent for 1998, and 6.0 percent for 2003. These rates differ because our calculations excluded workers who were new entrants to the labor force, those who had a history of self-employment, and those who were younger than 18 or older than 64 in March of the survey year, and because there were technical differences between the database we used for our calculations (SIPP) and that used for the standard unemployment rates (CPS).

Appendix Tables

Appendix Table 2: UI Rate of Receipt among Unemployed Low-Wage and Higher-Wage Workers

	UI rate of receipt ^a			Relative likelihood of receiving UI (UI rate of receipt for low-wage workers divided by rate for higher-wage workers)
	Low-wage workers (percent)	Higher-wage workers (percent)	All (percent)	
1992	27.8	58.9	43.6	.472
1993	26.7	50.8	38.2	.526
1994	20.5	45.3	31.3	.453
1995	15.2	40.7	27.7	.373
1998	9.9	31.9	19.6	.310
2003	13.6	37.1	27.0	.367
All years, 1992-2003	21.8	47.9	34.9	.455

Source: GAO analysis of SIPP data.

Notes: SIPP data from 1992 to 1995, 1998, and 2003. 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.

^aWe 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.

Appendix Tables

**Appendix Table 3: UI Rate of Receipt by Wage and Part-Time Status
(Workers with at least 35 weeks of employment prior to unemployment)**

Employment status	UI rate of receipt ^a			Relative likelihood of receiving UI (UI rate of receipt for low-wage workers divided by rate for higher-wage workers)
	Low-wage workers (percent)	Higher-wage workers (percent)	All (percent)	
Full-time ^b	33.2	57.9	49.6	.573
Part-time	22.0	37.8	28.5	.581
Relative likelihood of receiving UI (part-time/full-time)	.661	.652	.574	

Source: GAO analysis of SIPP data.

Notes: SIPP data from 1992 to 1995, 1998, and 2003. Data for 1996, 1997, and 1999 to 2002 were not available.

Differences between low- and higher-wage workers and differences between full- and part-time workers were all significant at the 99 percent confidence level.

^aWe 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.

^bFull-time employment is defined as 35 hours per week or more. Data are restricted to a subsample of unemployed persons who had a job during the 15 months prior to unemployment.

Appendix Tables

Appendix Table 4: Unweighted Sample Sizes, by Year

Year	Employed			Unemployed			Total		
	Low-wage	Higher-wage	Total	Low-wage	Higher-wage	Total	Low-wage	Higher-wage	Total
1992	5,871	14,300	20,171	694	710	1,404	6,565	15,010	21,575
1993	3,758	9,369	13,127	415	394	809	4,173	9,763	13,936
1994	5,565	12,457	18,022	539	449	988	6,104	12,906	19,010
1995	5,104	12,515	17,619	401	392	793	5,505	12,907	18,412
1998	8,690	20,559	29,249	704	548	1,252	9,394	21,107	30,501
2003	6,266	19,075	25,341	657	849	1,506	6,923	19,924	26,847
Total	35,254	88,275	123,529	3,410	3,342	6,752	38,664	91,617	130,281

Source: Source: GAO analysis of SIPP data.

Notes: SIPP data from 1992 to 1995, 1998, and 2003. Data for 1996, 1997, and 1999 to 2002 were not available.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Cynthia M. Fagnoni, Managing Director, 202-512-7215

Staff

Patrick di Battista, Assistant Director

Acknowledgments

Rhiannon Patterson, Analyst-in-Charge

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Related GAO Products

Unemployment Insurance: Factors Associated with Benefit Receipt and Linkages with Reemployment Services for Claimants. [GAO-06-484T](#). Washington, D.C.: March 15, 2006.

Unemployment Insurance: Factors Associated with Benefit Receipt. [GAO-06-341](#). Washington, D.C.: March 7, 2006.

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