



**Testimony on B21-370: Unemployment Benefits Modernization Amendment Act of 2015
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The Legal Aid Society of the District of Columbia¹ strongly supports B21-370, the “Unemployment Benefits Modernization Amendment Act of 2015,” and encourages the Committee to add this bill’s provisions to the current Budget Support Act or, alternatively, expeditiously shepherd this bill into law as a stand-alone bill.²

Thousands of District residents rely on unemployment benefits each year after they lose a job through no fault of their own. This bill provides needed reforms to the District’s unemployment benefit levels that have not been updated for over a decade. The bill proposes four crucial reforms:

- First, the bill would raise the maximum weekly unemployment benefit from \$359 per week to \$430 per week. This desperately needed increase is long overdue and while the exact benefit amount is still under debate, a generous increase is supported by Mayor Muriel Bowser and the DC Department of Employment Services (DOES).
- Second, the bill would annually index benefits each year, in line with an estimated 30 other states, to ensure that the benefits fulfill their purpose under the statute of supporting individuals and families as they look for work by keeping pace with inflation.
- Third, the bill would allow part-time workers to receive higher partial unemployment benefits, benefiting individual part-time workers and providing important financial benefits to the Unemployment Insurance Trust Fund.
- Finally, the bill would allow all workers to receive up to 26 weeks of benefits, regardless of job histories that include seasonal or temporary work.

¹ The Legal Aid Society of the District of Columbia was formed in 1932 to “provide legal aid and counsel to indigent persons in civil law matters and to encourage measures by which the law may better protect and serve their needs.” For more than 80 years, Legal Aid attorneys and volunteers have served tens of thousands of the District’s neediest residents. Legal Aid currently works in the areas of housing, family, public benefits, consumer, and appellate law. Since 2011, Legal Aid has represented or counseled low-income claimants in unemployment matters at the Department of Employment Services, Office of Administrative Hearings, and the DC Court of Appeals. By helping claimants receive the benefits to which they are legally entitled, Legal Aid helps prevent utility terminations, evictions and other collateral consequences of unemployment. Legal Aid’s testimony is based on these experiences. More information about Legal Aid can be obtained from our website, www.LegalAidDC.org, and our blog, www.MakingJusticeReal.org.

² Adding this bill’s provisions to the Budget Support Act is appropriate because this bill does not propose a program or policy change at DOES. Instead, the bill would merely raise the weekly unemployment benefit amount or adjust slightly the current benefit calculations.

I. DC's maximum weekly benefit amount (\$359) is very low and should be raised.

Since 2011, I have represented numerous DC residents trying to obtain unemployment benefits. When I first began this work as a poverty lawyer, I fully expected to represent low-wage workers. I knew that low-income workers who live paycheck to paycheck are unlikely to have the financial resources needed to survive a sudden job loss. Unemployment benefits provide an economic lifeline that prevents our low-income neighbors from falling into extreme poverty.

However, I was surprised to learn that many of DC's unemployed workers from middle-class jobs – such as nurses and unionized construction workers – are also living at or near the poverty line because DC's highest rate of weekly unemployment benefits is so low. A person who receives DC's maximum weekly benefit amount (\$359 per week) lives at 157% of the Federal Poverty Line.³ A single parent with two children receiving the maximum benefit amount lives below 93% of the Federal Poverty Line – a measurement widely regarded as extremely low income.

While unemployment benefits are meant to replace 50% of wages up to a maximum benefit rate, DC's benefits are so low that workers hit the maximum rate at relatively low wages. Thus, for workers previously earning more than \$37,000 per year, unemployment benefits replace less than half of their former wages. For example, a worker earning \$55,000 per year – a middle class salary – has less than 35% of her wages replaced when she receives DC's maximum weekly benefit amount of \$359 per week.

Many of these formerly middle class workers seek Legal Aid's assistance for other legal matters that arise as collateral consequences of unemployment. Our clients exhaust their savings and still fall behind in paying their utilities, car payments, rent, or mortgage due to these low benefit amounts. Even a modest increase in benefits could help these families meet more of their obligations.

DC's maximum weekly benefit amount of \$359 per week is one of the lowest in the nation and must be raised. DC's unemployed workers subsist on benefits lower than workers in Maryland (\$430 per week), Virginia (\$378 per week), and 38 other states. It has been more than ten years since DC last increased this maximum benefit. During this time, while housing prices in DC have skyrocketed, DC's unemployment benefits have lost 20% of its value due to inflation. To restore this benefit to its former purchasing power, the maximum weekly benefit amount should be raised to \$430 per week.⁴

³As this Committee knows, the federal poverty measures, updated each year by the Census Bureau, are an extremely conservative measurement tool for poverty. By contrast, DC's living wage, for a single person is \$600 per week and for a two-person family is \$1,200 per week. *See Living Wage Calculation for District of Columbia*, Massachusetts Institute of Technology, <http://livingwage.mit.edu/counties/11001>.

⁴ According to statistics maintained by the Department of Labor, thirty eight states have higher maximum weekly benefit amounts than the District of Columbia's maximum of \$359 per week. If DC raised its weekly maximum benefit to \$430 per week, twenty states would still have higher benefits than DC, including: (1) Massachusetts - \$679, (2) Minnesota - \$640, (3) Washington - \$637, (4) New Jersey - \$636, (5) North Dakota - \$594, (6) Connecticut - \$590, (7) Pennsylvania - \$573, (8) Rhode Island - \$566, (9) Oregon - \$549, (10) Hawaii - \$544, (11) Colorado - \$532, (12) Utah - \$487, (13) Wyoming - \$475, (14)

Fortunately, initial economic indicators demonstrate that DC can afford this increase. The Unemployment Insurance Trust Fund is robust and solvent – just last year, the fund had a \$50 million surplus. DOES’s Office of Unemployment Compensation supports raising the maximum benefits as long as the trust fund is monitored to ensure solvency. Mayor Muriel Bowser and Deputy Mayor Courtney Snowden have recently testified in support of raising the maximum weekly benefit amount to \$425 per week.

II. The maximum benefit amount should be automatically raised each year to allow benefits to keep pace with inflation.

Legal Aid further urges the Committee to automatically increase the maximum weekly benefit amount each year to keep pace with inflation. Approximately thirty states already index the maximum unemployment benefit to the state’s average weekly wages.⁵ Indexing allows benefits to maintain their purchasing power as wages rise. Common sense measures can be adopted to monitor the Unemployment Trust Fund and ensure solvency. Without an indexing provision, unemployed workers must return to the legislature again and again as the value of unemployment benefits fall with inflation, ensuring that benefits will remain artificially low.

III. Increase incentives for claimants to work part-time.

In our post-recession economy, many workers are involuntarily working part-time even though they want to work full-time. Under the current unemployment system, workers keep their first \$20 in earnings each week, but then 80% of their remaining earnings are deducted from their unemployment benefits, resulting in very low benefits amounts. A more generous partial unemployment benefit formula would better support workers who have found only part-time work while they continue to look for full-time positions. A generous formula also incentivizes claimants to return to the workforce sooner, thus allowing DC to pay out less in unemployment benefits while collecting tax revenue from wages.

DC should make the partial unemployment benefits formula more generous, allowing workers to keep the first \$50 in earnings each week, and then reducing their benefits check by only 66% of their part-time earnings.⁶ Even this modest change would put more money in the hands of underemployed workers at the time they need it while incentivizing unemployed workers to accept part-time work while they look for full-time positions.

Montana - \$471, (15) Texas - \$454, (16) Arkansas - \$451, (17) California - \$450, (18) Oklahoma - \$440, (19) Vermont - \$436, and (20) Maryland - \$430. There are five more states that have maximum benefits between \$420 and \$429: (21) New Hampshire - \$427, (22) Ohio - \$424, (23) West Virginia - \$424, (24) New York - \$420, and (25) Kansas - \$420.

⁵ United States Department of Labor, Comparison of State Unemployment Insurance Laws, Table 3-6 <http://ows.doleta.gov/unemploy/pdf/uilawcompar/2015/monetary.pdf>.

⁶ See Unemployment Benefits Modernization Amendment Act of 2015 (Bill 21-0370).

IV. Allow all DC workers to receive unemployment benefits for twenty-six weeks.

Finally, DC should standardize the number of weeks of unemployment benefits that all workers receive at twenty-six weeks. Currently, even if workers meet the basic monetary eligibility test for unemployment, they will not receive all twenty-six weeks of benefits if their past wages are too low. Standardizing the number of weeks workers can receive at twenty-six would benefit DC's lowest-wage workers and those who are underemployed, such as those working part-time or temporary positions with periods of unemployment in between. DC continues to have high unemployment rates among young people, older workers, and people of color. This provision would benefit the most vulnerable workers with only a modest cost.

Conclusion

Legal Aid thanks the Committee for the opportunity to submit this testimony and we look forward to working with the Committee to raise unemployment benefits in the District.