



The District's Dime

Going Beyond the Budget Book

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DC Council Passes Significant Increases to Unemployment Insurance, But More Can Be Done to Improve Benefits

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The DC Council took important steps to improve the District's Unemployment Insurance (UI) program, including increasing benefits that haven't been adjusted in a decade, in its preliminary budget vote on May 17. But the Council failed to adopt a plan to update benefits each year for inflation, which means the value of benefits will once again start falling behind. As the Council finishes the fiscal year 2017 budget, it should add a provision to automatically adjust benefits every year for the cost of living.

UI helps workers and their families avoid falling into poverty after a job loss through no fault of their own. Without UI, some workers fall back on other public assistance programs, and many are at risk of increased credit card debt, eviction, and other consequences. UI also helps the overall DC economy by maintaining consumer spending in times of high unemployment.

The DC Council made several changes to UI in the FY 2017 budget to improve DC's benefits, which are lower than in most states:

- 1. Raising the maximum weekly UI benefit amount to \$425.** This will increase benefits from the current maximum weekly benefit of just \$359, which is below Maryland (\$430), Virginia (\$378), and 38 other states.
- 2. Helping workers retain part-time employment to supplement their UI benefits.** Workers who have part-time employment will be able to keep more of their UI benefits. For instance, a worker earning \$100/week while receiving UI benefits will have her benefits reduced by \$33 instead of by \$64. This will make it easier for unemployed workers to take a part-time job while looking for a permanent full-time job.
- 3. Ensuring that all workers can get UI benefits for 26 weeks of unemployment.** This provision stands to help some of the most vulnerable workers in the District.

While these changes will be hugely beneficial to District workers who lose their jobs, more can be done to ensure that UI provides adequate support moving forward. In particular, the proposed changes would allow the District to adjust unemployment benefits each year for inflation, but at the discretion of the Department of Employment Services, and only if the adjustment "does not negatively affect" the Unemployment Insurance Trust Fund. This is vague, and means that UI benefits could once again go unadjusted for years.

A better approach would be to require automatic inflation adjustments each year, unless there is evidence that such an increase will cause a near- or long-term solvency problem for the UI Trust Fund. The Fund currently has a balance of over \$350 million, and has run large surpluses for the last several years, so it very likely will be able to absorb increases to account for inflation.

With this change, the DC Council can ensure that workers who lose their job receive adequate unemployment benefits, both now and in the future. We urge the Council to make this very minor adjustment to the Budget Support Act, when the final vote is held in early June.