

UI BENEFITS STUDY

Duration Eligibility and Potential Unemployment Insurance Benefits

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Uniform vs. Variable Duration Programs

- Uniform Duration Program
 - All eligible claimants receive the same number of weeks of benefits
 - 9 uniform programs in 2003

- Variable Duration Program
 - Eligible claimants receive different numbers of weeks of benefits (4 – 30 weeks)
 - Distribution of BPE
 - Size of BPE
 - 44 variable programs in 2003

Which is More Generous?

- Number of Recipients

If there is a budget constraint for the total potential benefits, then variable duration programs will provide benefits to a greater number of individuals.

- Amount of Benefits

If the number of recipients is constant across program types, then the uniform duration program will provide a greater amount of potential benefits.

Duration Eligibility and Potential Unemployment Insurance Benefits

■ Scope of Paper

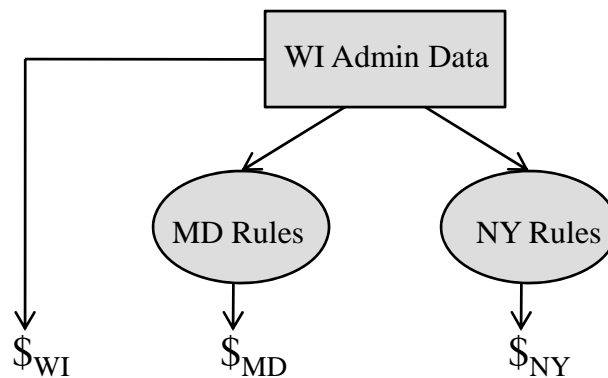
Comparison of the generosity of uniform and variable duration UI programs

■ Questions of Interest

- Do variable duration programs offer benefits to a greater number of individuals?
- Are the potential benefits of uniform duration programs greater than the potential benefits of variable durations programs?
- What is the driver of any differences or lack of differences in potential benefits? (eligibility, benefit amount, other rules)

Paper Outline

- Analyze the eligibility rules of uniform and variable programs
- Using administrative data of a variable duration state UI program, we simulate the potential benefits of the applicant pool under various uniform duration program rules



- Determine the sources of the differences in total potential benefits

Monetary Eligibility of Uniform and Variable Duration Programs

	Maryland	New Hampshire	New York	West Virginia
Montana	97.7%	97.2%	97.9%	99.9%
Oregon	94.2%	95.4%	97.4%	99.0%
Wisconsin	96.9%	96.6%	96.2%	99.8%

Nearly all claimants who are eligible in variable duration programs are also eligible in uniform duration programs.

Total Potential UI Program Costs

$$\text{Total Potential Cost} = \sum_{i=1}^N WK_i \cdot WBA_i$$

- Parameters of Program
 - Number of Eligibles (N)
 - Duration of WBA (WK_i)
 - Weekly Benefit Amount of Eligibles (WBA_i)

Simulated Potential Benefits of Uniform Programs (\$millions)

	Actual	Maryland	New Hampshire	New York	West Virginia
Montana	\$141	+ \$42	+ \$9	+ \$34	+ \$11
Oregon	\$952	+ \$64	- \$100	+ \$27	- \$84
Wisconsin	\$1,939	+ \$58	- \$203	- \$17	- \$184

- There is no consistent relationship between the potential benefits of uniform and variable duration programs.
 - 25% uniform has significantly greater benefits
 - 33% variable has significantly greater benefits
 - 42% uniform and variable have similar benefits

Decomposition of Difference in Potential Benefits of Uniform and Variable Programs

$$\Delta TPB = \Delta N * \overline{WK} * \overline{WBA} \quad (A)$$

$$+ \overline{\Delta WK} * \overline{WBA} * N \quad (B)$$

$$+ \overline{\Delta WBA} * \overline{WK} * N \quad (C)$$

- A – Change due to differences in number of eligible claimants
- B – Change due to difference in weeks of eligibility
- C – Change due to differences in WBA

Decomposition of Benefit Differences for Wisconsin Claimants

	Wisconsin	Maryland	New Hampshire	New York	West Virginia
Δ TBF	\$1,939	<u>\$57.4</u>	<u>-\$202.9</u>	<u>-\$16.8</u>	<u>-\$184.5</u>
Ineligibles (A)		-\$29.3	-\$16.6	-\$32.1	-\$0.4
Weeks (B)		\$62.4	\$35.9	\$58.1	\$40.9
WBA (C)		\$24.3	-\$222.2	-\$42.8	-\$225.0
	\$264	\$269 [1.9%]	\$235 [-14.7%]	\$261 [-2.3%]	\$230 [-15.3%]
	HQE 52%	HQE 54.2%	BPE 54.6%	HQE 50-52%	BPE 52%

- Differences due to eligibility is negligible (< 2%)
- Variable duration programs have greater benefits due to additional weeks (< 3%)
- Difference due to WBA vary

Conclusion

- Variable programs are not significantly more generous in the number of claimants receiving benefits.
- Uniform programs are not consistently more generous in the amount of benefits claimants receive.
- Policy Implication
 - Uniform and variable programs can be designed with the same amount of potential benefits.
 - A variety of program parameters in the design of a UI program can be used to target a certain level of benefits.