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Testimony regarding HB5164, an act concerning unemployment benefits

Testimony • By Daniel Perez • February 22, 2024

EPI's Daniel Perez delivered the following written testimony before the Connecticut General Assembly Labor and Public Employees Committee on February 22, 2024, in support of HB5164—An Act Concerning Unemployment Benefits.

Senator Kushner, Representative Sanchez, and members of the committee, thank you for the opportunity to testify. My name is Daniel Perez, and I'm a State Economic Analyst at the Economic Policy Institute. EPI is a nonprofit, nonpartisan think tank that uses the tools of economics to research public policies that protect and improve the economic conditions of low- and middle-wage workers.

Today I'd like to highlight research findings on the impact of extending unemployment insurance (UI) to striking workers.[1]

Extending unemployment insurance to striking workers would mean small costs for Connecticut but important improvements for workers and local economies

Extending UI to striking workers is both good economics and consistent with the goals of the UI program: to offer a financial lifeline to workers and their families, and to keep dollars flowing to local economies in times of economic distress.

Using publicly available data on state UI claims[2] and strikes,[3] we estimate that the cost of extending unemployment benefits to striking workers in Connecticut would be extremely minimal—at most amounting to less than a fraction of one percent of current average UI claims.

The legislation you are considering today stipulates a 14-day waiting period before workers would be eligible for benefits. However, most strikes are much shorter than this. In the past two years, just two strikes met this threshold in Connecticut.

Modeling based on Connecticut's recent strike history and typical UI recipiency rates, we can project that under this proposed bill, an estimated 73 striking workers in Connecticut might receive $650 in benefits each month, totaling $48,000 in monthly payments. To put this in context: the Connecticut UI system typically pays out an average of 41 million dollars per month to unemployed workers. The $48,000 we estimate this bill might cost is equivalent to just one tenth of one percent (0.1%) of average state UI claims.

Even if we shift our assumptions to a highly unlikely scenario where 100% of eligible workers apply for benefits, and where future strikes persist for an additional 4 weeks beyond the historical average, monthly claims paid to striking workers would still total only $255,000 per month—an amount equivalent to just 0.6% of average state UI claims.

Ultimately, claims made by striking workers would be inconsequential relative to typical claims, representing at most 0.6% of all claims made. However, for workers on strike, these benefits could mean the ability to put food on the table and keep a roof over their heads while taking action to improve their wages and working conditions—something that ultimately benefits the state's labor market and economy as a whole.

Table 1

In Connecticut, striking workers would account for only a small percentage of monthly unemployment claims

Monthly average number of striking workers compared with typical initial and continuing UI claims, January 2022–December 2023

UI eligibility waiting period	14 days
Estimated monthly average striking workers eligible for UI	73
Monthly average initial UI claims	3,818
Monthly average continued UI claims	24,262
Estimated striking workers as a share of monthly initial UI claims	1.9%
Estimated striking workers as a share of monthly ongoing UI claims	0.3%

Source: Author's analysis of state unemployment insurance weekly claims data from U.S. Department of Labor, Employment and Training Administration, and strike participant data from the Labor Action Tracker, a project of Cornell University's ILR School and the University of Illinois's LER School, January 2022–December 2023.

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Table 2

Extending UI to striking workers would mean small costs for states but large gains for workers

Average monthly UI expenditures and estimated UI claims by striking workers, January 2022–December 2023

Estimated monthly workers eligible for UI:	73
State average weekly UI benefit:	$436.50
% of eligible workers who claim UI:	37.3%
Average duration of strikes over 14 days:	4 weeks
Total estimated UI benefits for striking workers:	
At current recipiency rate (37.3%)	$47,542
Assuming higher union recipiency rate (+20ppt)	$73,033
Assuming strikes last 4 weeks longer than normal and 100% recipiency rate	$254,916
Average monthly UI benefits paid in Connecticut:	$41,224,881
Striking worker UI benefits as a % of all statewide UI benefits:	0.1% to 0.6%

Source: Author's analysis of state unemployment insurance weekly claims data from U.S. Department of Labor, Employment and Training Administration, and strike participant data from the Labor Action Tracker, a project of Cornell University's ILR School and the University of Illinois's LER School, January 2022–December 2023.

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Lawmakers should consider shorter eligibility waiting periods so that workers feel empowered to act and confident in their ability to access benefits

In addition to serving as a lifeline for workers, UI for striking workers can facilitate more productive labor relations by empowering workers to exercise their existing labor rights, and dissuading employers from engaging in bad faith bargaining tactics like using their vast financial resources to "starve out" workers during a strike.

A 2020 survey revealed that workers who had high confidence in their ability to access UI felt more empowered to join or form unions and were less fearful about engaging in collective action to address health and safety concerns.[4]

I commend the committee for considering this bill today, and it's encouraging to note that other states are considering similar legislation. For example, Washington state is advancing legislation with a waiting period of 8–14 days, and New York State is considering reducing their waiting period from 14 days to seven. As you move forward with this bill, I would encourage the committee to consider a shorter waiting period, so that workers can feel confident in their ability to access benefits when they need them most.

Thank you,

Daniel Perez

State Economic Analyst, Economic Policy Institute

Notes

1. Daniel Perez, "Extending Unemployment Insurance to Striking Workers Would Cost Little and Encourage Fair Negotiations," *Working Economics Blog* (Economic Policy Institute) , January 29, 2024.

2. U.S. Department of Labor, Employment and Training Administration, *State Monthly Program and Financial data*, January 2022 –December 2023.

3. Labor Action Tracker, a joint project between the ILR School at Cornell University and the LER School at the University of Illinois Urbana-Champaign, January 2022–December 2023.

4. Alexander Hertel-Fernandez and Alix Gould-Werth, *Labor Organizations and Unemployment Insurance: A Virtuous Circle Supporting U.S. Workers' Voices and Reducing Disparities in Benefits*, Washington Center for Equitable Growth, October 2020.