



ANSWER SHEET

March 2003

From the Colorado Fiscal Policy Institute

HOW THE COLORADO UNEMPLOYMENT INSURANCE SYSTEM WORKS FOR WORKING FAMILIES

1. **NO** – Workers who leave work voluntarily and without “good cause” are disqualified from receiving UI benefits. The definition of “good cause” varies from state to state and can range from employment-related reasons, such as reduced hours or hostile work environments, to personal reasons arising from domestic violence or illness. In Colorado, even though her husband’s transfer forced her to leave job, Michelle would not receive UI benefits.

Recommendation: Colorado law should require that individuals who quit to accompany a spouse, marry, or relocate to preserve family unity, will not be disqualified based on a “voluntary” separation determination.

2. **NO** – Unlike 12 other states and the District of Columbia, Colorado does not pay a weekly dependent allowance as part of a UI check, making it particularly difficult for lower wage workers to meet a family’s basic needs while looking for work. Raymond’s weekly benefit amount would be approximately \$228 – not enough to cover the 2003 Fair Market Rent for a two bedroom apartment in Aurora.

Recommendation: State law should enact dependent allowances as a way to strengthen the safety net for Colorado working families.

3. **NO** – Colorado law disqualifies individuals who quit a job to accept other employment except in limited circumstances in the construction industry. Despite Sam’s excellent work history with Qwest and the loss of his new job through no fault of his own, Sam would receive UI benefits for one week. He would not be eligible for any additional benefits.

Recommendation: At one time, Colorado law contained a “quit for a better job provision” to protect workers. Colorado should not penalize workers who strive to move up and reinstitute the that provision.

4. **NO** – Colorado recently enacted a “good cause” exemption for victims of domestic violence. However, a claimant like Lucy must provide corroborative evidence documenting the abuse AND written substantiation that she is receiving assistance or counseling from a recognized counseling entity. In addition, the Division of Unemployment Insurance must certify and notify her employer and hearing officer that she has not left a job as a result of domestic violence and received benefits in the preceding three years. These restrictions contribute to low utilization of the exemption.

Recommendation: Colorado should require less burdensome restrictions for women struggling to secure the most fundamental requirement of living – safety.

5. **NO** – Carl’s weekly benefit amount of \$312 would not be enough to support his family above the 2003 Federal Poverty Guideline for a family of four (\$18,400), let alone allow him to maintain self-sufficiency. According to the 2001 *Self-Sufficiency Standard for Colorado Report*, which calculated

the cost of living for different family types in all 63 counties, a family like Carl’s, living in Pueblo, needs to earn approximately \$39,000 per year to meet their needs without public or private assistance of any kind.

Recommendation: Colorado’s rate of wage replacement is higher than many states. However, replacing 55% of a moderate-wage worker’s income is very different from replacing 55% of a low-wage worker’s income. As the National Employment Law Project noted, for those hovering on the brink of poverty while working, replacing 55% of their lost income means certain poverty. Replacing 2/3 of a low-wage worker’s lost wages makes more sense. Colorado should work to make the benefit structure more progressive.

- 6. **NO** – Unlike many states, Colorado provides UI benefits for part-time workers, but only if they have a history of part-time work or can show good cause for seeking part-time employment. Janice does not have a history of working part-time and therefore to collect UI benefits, she must be available for full-time work. Under current law, Mike could take a part-time temporary job while collecting UI benefits and the first 25% of his earnings would not impact his benefits. Every dollar of Mike’s gross earnings beyond the 25% earnings disregard is deducted from his weekly UI benefit. This means as a high wage worker Mike could receive limited income from part-time temporary jobs while seeking permanent employment, or receive UI benefits, but probably not both.

Recommendation: Colorado should expand good cause reasons for seeking part-time work to include the need to meet changing family obligations. The state should also raise the earnings disregard to provide a reasonable bridge between jobs for higher wage workers.

- 7. **NO** – When calculating eligibility and benefits for an unemployed worker, the Division examines four quarters of the worker’s past earnings, called the “base period.” In Colorado, only wages earned in the *first four of the last five completed quarters* are considered and workers must earn 40 times their projected benefit amount or \$2,500, whichever is higher, during the base period to qualify. If Flora applies for UI in December, none of her wages earned during the 4th quarter will count since that quarter is incomplete, nor will any of her earnings during the 3rd quarter, since that is the “lag quarter.” Examining Flora’s base period of June through the previous July shows that she only earned \$2,000 – not enough to qualify even though she worked full time for almost six months before losing her job through no fault of her own. (See timeline below.)

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|-----------------------------|---------------------------------|------------------------------|------------------------------------|-----------------------------|---------------------------------|
| July August September | October November December | January February March | April May June | July August September | October November December |
| No earnings | No earnings | No earnings | Starts work in June earns 2,000 | Flora earns \$4,680 | Flora earns \$3,960 |
| Quarter 1 Base Period | Quarter 2 Base Period | Quarter 3 Base Period | Quarter 4 Base Period | Quarter 5 Lag quarter | Quarter 6 Incomplete |

Recommendation: Colorado recently raised the minimum earnings requirement from \$1,000 to \$2,500. Only nine other states set a threshold as high. The floor should be reduced to avoid punishing low-wage workers and recent entrants to the workforce. As another option, Colorado could consider adopting an alternative base period in order to count a worker’s most recent earnings. Sixteen states have already implemented this simple change to assist recent entrants to the workforce and lower income workers.

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