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BENEFIT LEVELS FOR UNEMPLOYED HURRICANE VICTIMS ARE TOO LOW

By Isaac Shapiro

Individuals who have lost their jobs due to Hurricane Katrina currently can receive cash unemployment benefits through the unemployment insurance (UI) program or the disaster unemployment assistance (DUA) program, which is available to workers who do not qualify for regular UI benefits. For individuals from Alabama, Louisiana, and Mississippi, the levels of assistance provided under either program are far too low.

- The three states hit hardest by Katrina have the three lowest average weekly UI benefit levels in the nation.
- The average UI benefit levels in these three states equal only about *half* the poverty line for a family of four.
- The benefit levels are especially inadequate because of the exceptionally difficult economic circumstances the Hurricane victims — many of whom have lost virtually everything they once owned — now face.
- The minimum level of DUA benefits for full-time workers is set at half the state's average weekly UI benefit level. This means minimum DUA benefits for Hurricane victims in all three states are less than \$100 a week (or about \$5,000 a year), just one-quarter of the poverty line for a family of four.

UI or DUA benefits will be the main source of ongoing income for tens of thousands of Hurricane victims for an extended period of time. If their jobs come back, it will be some time before that happens, and for many their jobs will simply not return. Their subsequent job search will often be long, either because they will be returning to their hard-hit communities where jobs will be scarce or because they will be residing in new communities where they have fewer contacts and know less about the job market. As a result, Congress should consider not only lengthening the period for which Hurricane victims can receive UI or DUA benefits, but also increasing the levels of those benefits themselves.

Benefit Levels in Alabama, Louisiana, and Mississippi

Individuals who have lost their jobs due to Hurricane Katrina receive UI benefits from the state in which they were employed when the Hurricane struck. That is, even if an unemployed worker now temporarily lives in Atlanta, Georgia, if he or she was employed and living in Alabama when the Hurricane struck, the individual receives aid through the Alabama unemployment insurance system.

The latest quarterly data on UI benefit levels are for the first three months of 2005. These Department of Labor data show that *Mississippi has the lowest average state weekly benefit level of any state in the nation; Alabama has the second lowest; and Louisiana has the third lowest.* In all three states, average weekly benefit levels fall about 30 percent below the national average.

Mississippi	\$171
Alabama	\$180
Louisiana	\$194
U.S. Average	\$270

Benefit Levels Relative to the Poverty Line

For the typical household, these benefit levels are well below the poverty line. Consider, for example, an unemployed worker from Louisiana, the state which has the highest level of UI aid of the three states hit hardest by Katrina. In Louisiana, average weekly UI benefits barely lift an individual with no dependents out of poverty. For an unemployed worker supporting a family of four, UI benefits would provide aid equal to just about half the poverty line.

	Mississippi	Alabama	Louisiana
Family of four	46%	48%	52%
Family of three	55%	58%	63%
Two-person household	69%	73%	78%
Single individual	93%	98%	105%

Of course, roughly one-half of all UI recipient receive *below-average* UI benefits. For these recipients, UI benefits provide even less adequate assistance.

Benefit Levels Especially Inadequate Given Current Circumstances

This level of UI benefits is especially insufficient for those who lost their jobs due to the hurricane. As difficult as it may have been for the unemployed to make ends meet at these benefit levels during a more typical period of joblessness, it is even harder for them now. Not only have they lost a job, many of these unemployed workers have lost essentially all they owned and thus have to replace even the most basic household items. There are many more demands on their unemployment check.

Further, some if not many of the Hurricane victims are now residing in areas where the cost of living is higher than in the areas from which they were displaced.

DUA Benefits Are Too Low as Well

Unemployed workers who do not qualify for benefits under the regular unemployment insurance program (such as the self-employed) can receive Disaster Unemployment Assistance. DUA benefits are linked to the level of UI benefits in a state, with the minimum level of DUA benefits for a full-time worker set at half the level of a state’s average weekly UI benefits.

TABLE 3 Minimum DUA Benefit Levels	
Mississippi	\$86 per week
Alabama	\$90 per week
Louisiana	\$97 per week
U.S. average	\$135 per week

Half the average benefit level in all three states is less than \$100 a week, hardly enough to get by even in “normal times.” Specifically, the minimum DUA benefits for full-time workers (part-time workers qualify for less) are:

TABLE 4 Minimum DUA Benefit as a Percent of Poverty Line			
	Mississippi	Alabama	Louisiana
Family of four	23%	24%	26%
Family of three	28%	29%	31%
Two-person household	35%	36%	39%
Single individual	47%	49%	53%

Louisiana’s level of \$97 per week is the equivalent of \$5,044 a year. This provides income far below the poverty line even for a single individual, let alone for an unemployed worker trying to support a family. The minimum DUA benefit for someone who lived in Louisiana is just 31 percent of the poverty line for a family of three.

What Could Be Done

The federal government could beef up the level of both UI and DUA benefits. Regular UI benefits are paid out of state trust funds, but Congress could pass legislation under which the federal government would fund a temporary increase in the level of UI benefits for victims of the Hurricane. Similarly, legislation could be passed under which the federal government would establish higher levels of minimum DUA benefits; a version of this approach is part of legislation approved by the Senate Homeland Security and Governmental Affairs Committee on September 22.