

HB 3045 Addresses the Special Hardship Unemployment Imposes on Families With Kids

HB 3045 recognizes that workers with children have a harder time meeting basic needs when a parent gets laid off. The bill provides for a small sum to be added to workers' weekly unemployment check for each child in the family. Such dependent allowances can make the difference in whether a family sinks or swims during a period of unemployment.

The Problem: Unemployment creates special hardships for families with children

Unemployment insurance is meant to help buoy families until a wage earner finds another job, but the program's benefit structure does not recognize the number of dependents a worker supports. Many families with children struggle to make ends meet even in good times, so trying to get by on an unemployment insurance payment that is a portion of previous wages may well be impossible.

Other work-related policies offer additional benefits to workers with dependents. Workers get to keep more of their paycheck if they have children because the dependent exemption adjusts income tax obligations to reflect the costs of raising children. Both the Earned Income Tax Credit and Social Security Disability Insurance, which are based on earnings from work, offer additional benefits for claimants with dependents.

The Fix: Provide a dependent allowance

HB 3045 would provide a dependent allowance of \$25 per child per week, recognizing the difficulties of providing for children when a wage earner is unemployed. Thirteen states and the District of Columbia currently use dependent allowances to supplement unemployment benefits for families with children.¹

The Benefits: Helps stabilize families and communities

Unemployment benefits are the result of an insurance program that provides wage replacement for unemployed workers to maintain community and family stability when a wage earner loses a job. The dependent allowance provided by HB 3045 would reinforce the unemployment system's goal of helping laid-off workers, their families and their communities bridge a period of unemployment.

Endnotes

¹ Alaska, Connecticut, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, New Jersey, New Mexico, Ohio, Pennsylvania, Rhode Island, and the District of Columbia offer dependent allowances. New Mexico and Massachusetts provide \$25 per week per dependent and Alaska provides \$24 per week; all other states offer smaller amounts. All states put some limit on the total allowance paid in any week, such as a cap on the number of dependents or the dollar amount. In most states, the number of dependents is fixed for the benefit year when the initial claim is made and only one parent may draw the allowance if both parents are receiving benefits. District of Columbia, Official Code, section 51-107(f); U.S. Department of Labor, *Comparison of State Unemployment Laws*, 2008, available at workforcesecurity.doleta.gov/unemploy/uilawcompar/2008/comparison2008.asp.

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