



History of Unemployment Insurance in the United States

- In 1932, in the midst of the Great Depression, Wisconsin became the first state in the U.S. to enact an unemployment insurance law.
 - Six other states enacted UI laws prior to the Social Security Act of 1935 - CA, MA, NH, NY, UT, and WA.
- At approximately 3:30 p.m. on Wednesday, August 14, 1935, President Franklin Delano Roosevelt signed into law the Social Security Act, which contained provisions for old age insurance, welfare, and unemployment insurance.
- The enactment of the Social Security Act was the first major step towards establishing Unemployment Insurance programs in the United States; it encouraged states to adopt their own Unemployment Insurance laws.
- The program took time for states to implement. Wisconsin issued the first unemployment check in the amount of \$15 to Neils B. Ruud of Madison, Wisconsin on August 17, 1936.
- In May 1937 the Supreme Court upheld the Social Security Act as constitutional and by August 1937, the 48 states, Alaska, Hawaii, and the District of Columbia had enacted their own Unemployment Insurance laws.
- Puerto Rico and the U.S Virgin Islands established Unemployment Insurance programs in 1961 and 1978, respectively.

Helping America's Workers

- The Unemployment Insurance system was created to stabilize the economy and alleviate personal hardship stemming from involuntary job loss.
- It is a unique federal-state partnership, based on Federal law, but administered by state employees under state law.
- It is financed almost entirely by employer payroll taxes. Only three states (AK, NJ, and PA) collect taxes from employees under certain conditions.

- The Unemployment Insurance program provides temporary cash benefits to individuals who are unemployed through no fault of their own, so that they can meet their basic financial needs and provide for their families while searching for new employment.
- These benefits help to maintain an individual's purchasing power; they are spent immediately on necessities such as food, fuel and housing, and thus provide an important stimulus for local economies.
- Every dollar paid in unemployment benefits generates approximately \$1.60 in economic activity.

Changes Over the Years

- In the 75 years since its inception, the Unemployment Insurance program has undergone a number of changes.
 - The duration of regular state Unemployment Insurance benefit has increased from 16 weeks to the current maximum of 26 weeks in most states.
 - Disqualification provisions have also changed – in the early years, states did not disqualify individuals for quitting work, being fired for misconduct, or refusing suitable work – they were simply held ineligible for a certain period of time. By the end of 1945, 26 states had imposed harsher disqualification provisions, and today all states have them.
 - Similarly, in 1952, only 12 states required individuals to obtain new employment in order to re-qualify for benefits after a disqualification. Today, 50 states have such requirements.
 - During economic downturns, the Unemployment Insurance system has responded by establishing special programs that provide additional weeks of benefits to workers who exhaust their initial weeks of state benefits.
 - Over the years, coverage requirements have changed as well. In 1935, employers who employed 8 or more workers were covered. In 1954, coverage was extended to those employers who employed 4 or more workers. In 1970, coverage was further extended to those who employed 1 or more workers.
 - Methods for delivering the program have also changed, fueled by new technologies. Beginning in the mid 1990s, states began to shift from in person claims filing to remote claims filing, first by telephone, and later via the Internet. Today approximately 85% of all UI claims are filed remotely.