

Reducing unemployment benefits is punitive and unnecessary

by **Christina LeBlanc, Economic Opportunity Policy Analyst**

Unemployment benefits are essential to the public safety net and provide critical financial support to Louisiana workers when they lose their job due to no fault of their own. But a bill working its way through the Legislature - [House Bill 340](#) by Rep. Troy Romero - would increase hardship for people when they need help the most.

The bill would cut the maximum number of weeks that unemployed workers could receive benefits by tying the duration of benefits to the state unemployment rate over the previous three months.

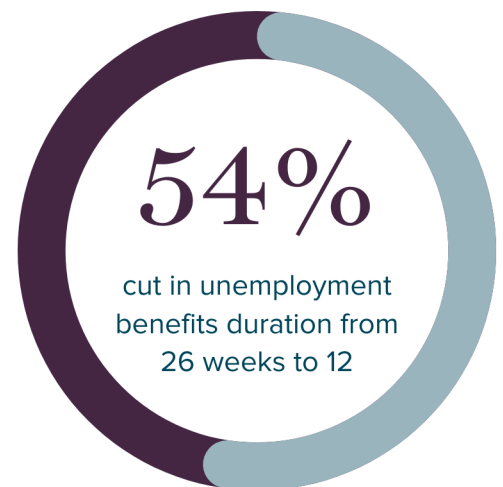
Currently, people who lose their jobs can get unemployment benefits for up to 26 weeks while they look for a new job that suits their qualifications. Benefits could expire in as little as 12 weeks if the state experiences a consistently low overall unemployment rate.

Under Louisiana's currently low unemployment rate of 3.6%, unemployment benefits would drop from 26 weeks to 12 weeks if Romero's bill became law. The bill also reduces the total number of weeks people could receive unemployment benefits under any unemployment rate from 26 to 20 weeks.

These changes would hurt Louisiana workers, making Louisiana families more vulnerable to sudden economic changes and leaving the state less prepared for an economic recession or employment disruptions such as hurricanes, floods, or pandemics. During the start of the Covid-19 pandemic, for example, large sectors of Louisiana's economy abruptly shut down, causing the unemployment rate to spike from 4.7% to 13.5% over two months.¹ Had this bill been in effect then, people who lost their jobs would have lost their benefits after less than three months.

Indexing benefit duration to unemployment rates could leave workers trapped during an economic emergency. For example, a worker who lost her job in February 2020, when the unemployment rate was low, would have qualified for 12 weeks of unemployment under the bill. By April 2020, when the benefits would expire, the state economy was in crisis and work was much harder to find.

Louisiana's unemployment benefits are already among the lowest in the nation. Unemployed people received an average of \$224 per week in 2022, more than only Mississippi and Puerto Rico.² Louisiana's unemployment benefits replace less of the average worker's salary than any of its neighbors—covering just 28.9% of the average wage as compared to 33.7% in Arkansas, 33.3% in Mississippi, and 43.6% in Texas.³ By keeping unemployment benefits low enough that they cover less than one-third of a worker's salary, the state already gives people an incentive to seek work as rapidly as possible and certainly does not prevent people from re-entering the workforce.⁴



¹ U.S. Bureau of Labor Statistics, "Databases, Tables & Calculators by Subject," <https://data.bls.gov/pdq/SurveyOutputServlet>.

² https://oui.doleta.gov/unemploy/data_summary/DataSum.asp.

³ <https://tcf.org/content/data/unemployment-insurance-and-racial-equity-explorer/>.

⁴ States with higher Black populations, like Louisiana, tend to have shorter benefit durations and less generous benefits. Bivens, Josh, Melissa Boteach,

Currently, Louisiana provides up to 26 weeks of unemployment benefits, but Louisiana workers on average only use 15.9 weeks of unemployment benefits while searching for work, compared to 14.2 weeks nationally. Only 24% of workers exhaust their benefits—meaning they use all 26 weeks of unemployment—compared to a national rate of 31.2%.⁵ North Carolina and Florida, which have tied benefit duration to unemployment rates, shortening effective benefits to just 12 weeks, currently have the highest exhaustion rates in the nation (46.3% and 54.7% respectively), leaving many unemployed workers struggling financially while they look for work and hurting their states’ economic stability.

At current unemployment rates, Romero’s bill would cap Louisiana benefits at 12 weeks, leaving many workers who lost their jobs due to no fault of their own unsupported and vulnerable for weeks while searching for employment. This would disproportionately hurt Louisiana’s Black and brown workers, as they face discriminatory hiring processes and often have more difficulty finding new employment than their white counterparts.⁶

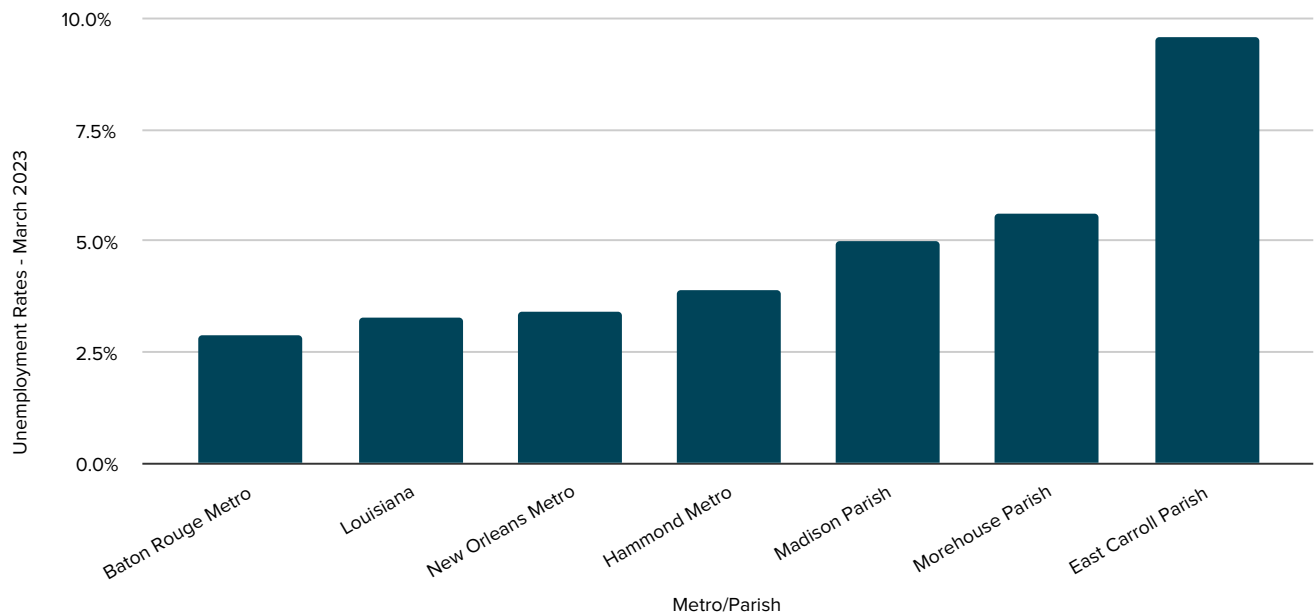
The legislation would also create administrative headaches for the Louisiana Workforce Commission. As Secretary Ava Cates told legislators, “Implementing something like [this] will be a monumental task for the agency, and we can’t say with any certainty that we would be able to accomplish this in the timeframe that has been given.”

Tying benefits to the state unemployment rate could also affect workers differently based on where they live. Louisiana is a diverse state with different economic drivers, and the unemployment rate can vary widely between different communities and regions.

While unemployment in metro areas including Baton Rouge and New Orleans hovers either near or below the statewide average, more rural communities like East Carroll, Madison, and Morehouse Parish, experience much higher rates of unemployment.

Payroll contributions from corporations and their workers finance the state’s unemployment insurance trust fund, which covers unemployment benefits. Louisiana’s trust fund has historically been healthy,

Unemployment Rate Variations in Louisiana



Source: Louisiana Workforce Commission March 2023 Louisiana Workforce at a Glance.

Rachel Deutsch, Francisco Diez, Rebecca Dixon, Brian Galle, Alix Gould-Werth, Nicole Marquez, Lily Roberts, Heidi Shierholz, and William Spriggs. 2021. Reforming Unemployment Insurance: Stabilizing a System in Crisis and Laying the Foundation for Equity. A joint report of the Center for American Progress, Center for Popular Democracy, Economic Policy Institute, Groundwork Collaborative, National Employment Law Project, National Women’s Law Center, and Washington Center for Equitable Growth. June 2021.

5 https://oui.doleta.gov/unemploy/data_summary/DataSum.asp.

6 <https://www.nelp.org/publication/benefit-duration/>.

and currently has a balance of \$928 million. Just last year the Legislature used \$500 million in federal pandemic recovery funds to help replenish the trust fund, which was temporarily depleted when unemployment spiked during the early months of the pandemic.

Reducing unemployment benefits for Louisiana’s workers is punitive and unnecessary. Louisiana job seekers already receive some of the lowest unemployment benefits in the nation, leaving our state’s economy more precarious and less resilient than many of our neighbors. With high inflation and plenty of economic uncertainty on the horizon, indexing unemployment benefits and cutting unemployment duration hurts Louisiana’s workers and the Louisiana economy.

