



Four Ways to Help Unemployed Workers and North Carolina's Struggling Economy

While North Carolina's unemployment rate dropped from 9.4 percent to 9.2 percent last month, the state continues to have the **fifth highest unemployment rate** in the country.ⁱ The rate has hovered above 9 percent for the last four years, and North Carolina has lagged behind the slow national economic recovery since the end of the recession. Labor market trends show that North Carolina's unemployment trajectory is due in large part to the great number of jobs lost during the Great Recession. Between December 2007 and May 2010, North Carolina lost almost 10 percent of its pre-recession employment.ⁱⁱ **There simply are not enough jobs for North Carolina's job seekers.**

The passage of HB 4 in February 2013 was another blow to North Carolina's jobless workers. The bill slashed the maximum benefit by approximately \$185 per week, regardless of wage growth, cost of living, or inflation. The bill also cut the maximum number of weeks of benefits to a sliding scale of 12 to 20 weeks, despite the fact that more than 37 percent of unemployment insurance recipients in the state exhaust their benefits after 26 weeks without finding a job. And the bill cuts off federally funded extended benefits for more than 100,000 North Carolina workers on July 1, 2013 according to the U.S. Department of Labor.

What can be done? Four bills currently before the NC General Assembly could help those who have lost their jobs through no fault of their own.

1. **End discrimination of the unemployed and support hiring (HB 737)**

HB 737 would protect unemployed workers against discrimination and provide a tax credit to employers who hire unemployed workers. The bill reinforces the simple idea that workers should not have to have a job in order to get a job.

Widespread bias against unemployed workers in the hiring process has been well documented.ⁱⁱⁱ One example of this bias is the prevalence of job postings limiting consideration to those who are "currently employed." These practices are harmful to job seekers, they undermine the economic recovery, and keep employers from finding the most qualified workers.^{iv}

2. **Ban the use of credit history in hiring and firing (HB 815)**

HB 815 bars discrimination in hiring and the terms of employment based on credit history or a credit report. Credit reports were not designed to be a screening tool for employment, yet they are commonly used in the hiring process. The usefulness of a credit report in hiring, however, is questionable. Research has shown that individuals

with low credit scores are more likely to have incurred expenses related to job loss or lack of health coverage. It makes little sense to determine an applicant a poor candidate because he has suffered from the expense of losing his job.^v

As of February 2013, eight states have passed laws that restrict the use of credit checks in employment and many additional cities and states have introduced similar legislation.

3. Extend federal emergency benefits (HB 922)

HB 922 changes the effective date of changes made to the unemployment insurance structure through HB 4 from claims filed on July 1, 2013 to January 1, 2014. Shifting this date by six months is significant for both jobless workers and North Carolina's struggling economy. By establishing the effective date as July 1, 2013, HB 4 violated a federal agreement on emergency unemployment compensation and lost out on over \$700 million in federal funds. And if HB 922 is not enacted, over 100,000 jobless workers will needlessly and abruptly be cut off from emergency benefits.

4. Provide work sharing options for employers (SB 645).

SB 645 would establish a work sharing program in North Carolina. Work sharing is a form of unemployment insurance (UI) that provides employers with the option of reducing employees' hours instead of implementing layoffs when business is slow. For instance, an employer can choose to reduce all employees' hours by 10 percent rather than laying off one-tenth of the workforce. Through work sharing programs, the employees with reduced hours receive pro-rated unemployment benefits to supplement their paychecks.^{vi}

Work sharing programs help employers during business slowdowns by temporarily reducing payroll costs while preserving a skilled workforce. At the same time, employees can maintain their income and in many cases health and retirement benefits. Twenty five states have already adopted work sharing programs; established programs have been shown to save hundreds of thousands of jobs. As an added incentive, temporary federal subsidies are available to states that establish work sharing programs.^{vii}

For More Information, Contact Bill Rowe at bill@ncjustice.org

ⁱ Bureau of Labor Statistics, Local Area Unemployment Statistics, March 2013.

ⁱⁱ Prosperity Watch Issue 24, No. 4: North Carolina's lagging unemployment rate due to greater job losses during the recession than the nation as a whole.

ⁱⁱⁱ See Institute for Research on Labor and Employment, 2011. "The Stigma of Unemployment: When Joblessness Leads to Being Jobless" and NELP, 2011. "Hiring Discrimination against the Unemployed"

^{iv} NELP, 2011. "Hiring Discrimination against the Unemployed"

^v Traub, Amy, 2013. "Discredited: How Employment Credit Checks Keep Qualified Workers out of a Job," DEMOS.

^{vi} See CLASP, 2012. “Work Sharing: An Alternative to Layoffs.”

^{vii} CLASP and NELP, 2012. “Seizing the Moment: A Guide to Adopting State Work Sharing Legislation after the Layoff Prevention Act of 2012.”