



# Unemployment Insurance

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## Congress Should Reject the Misguided Educational Requirement in H.R. 3630

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House and Senate conferees are currently considering an extension of federally funded unemployment assistance through the end of 2012. The House-passed bill (H.R. 3630) that conferees are considering includes a new minimum educational requirement for Unemployment Insurance (UI) claimants. The bill would change federal law to require individuals who receive UI benefits to have a high school diploma, GED® or other state-recognized equivalent or be enrolled in classes leading to a secondary credential. If this requirement is deemed “unduly burdensome,” state agencies may waive it for individuals.

UI is a social insurance program in which eligibility is driven by loss of employment and experience in the workforce, not income level, educational attainment or other characteristics of recipients. Regular UI benefits are financed through employer contributions or reimbursements made on behalf of the entire workforce, including individuals who have not completed high school. Imposing an education-related requirement would deny benefits to the most vulnerable workers—workers who otherwise meet all other criteria for UI—and would undercut the purpose of UI by establishing a condition of eligibility unrelated to work or workforce attachment.

**RECOMMENDATION**—CLASP urges conferees to reject the proposed minimum educational requirement for UI recipients and any alternative formulations of this provision.

## Why This Proposal is Misguided and Unworkable

### **The proposed requirement would create new barriers to UI eligibility for hundreds of thousands of claimants who have low education levels.**

Individuals with less than a high school diploma have been particularly hard hit by the recession and slow economic recovery. In December 2011, according to the Bureau of Labor Statistics, adults 25 years or older without a high school diploma were more than three times as likely to be unemployed as adult college graduates.<sup>1</sup>

The new requirement in the House-passed bill would create hurdles to UI eligibility for a large number of UI recipients. During 2007-2009—a period that covers the beginning of the Great Recession—about 1.8 million individuals who had not completed high school experienced involuntary job loss.<sup>2</sup> These displaced workers would have been subject to this requirement and would have faced difficulties in qualifying for UI as the recession deepened.

A survey of UI recipients during 2010 found that between 13 to 14 percent had not completed high school or the equivalent.<sup>3</sup> Given that there were 3.5 million UI first payments in the first quarter of 2010, this requirement

would have affected about 455,000 people in one quarter alone—leading to a denial of benefits or mandated enrollment in courses.

### **The minimum educational requirement would increase pressure on state and local adult education programs that are already at capacity.**

Individuals who do not have a high school diploma, GED® or state-recognized equivalent would have to enroll in adult education classes that are already struggling with reduced funding and class availability and are not prepared to accommodate a surge in enrollment. A recent survey found that nearly every state had a waiting list for adult education/ESL services and that nearly three-quarters of local programs reported waiting lists. About 160,000 learners across the country were on these lists and the number of months on the waiting list increased since the previous survey.<sup>4</sup> In some places, a lottery system is used to allocate classroom slots and people are often turned away. There is no guarantee that a newly unemployed person without a secondary school credential would be able to get into a class on a timely basis.

Federal funding for adult education and English language services has declined by 17 percent in inflation-adjusted terms from 2002 to 2012. Non-federal funding, a traditionally robust source of funding for adult education, is becoming less reliable as a result of crumbling state revenues. In the past few years, several states, including California, Oklahoma, and New York, have made significant cuts to state funding for adult education or have eliminated funding completely.<sup>5</sup> It would cost state and local programs roughly \$700 to \$900 per student per year to add courses for the hundreds of thousands of unemployed workers seeking services.<sup>6</sup> Without new program capacity, many students would have to attend high-cost proprietary schools to find available classes.

### **The minimum educational requirement would impose an additional financial burden on those seeking services, including newly unemployed workers.**

Faced with rising demand for services and no additional funding, the trend toward charging course fees and tuition to adult education students is likely to increase. Students also must pay test-taking fees that vary widely by state. In 2014 a new GED® test will be implemented and the cost of taking it is expected to rise sharply. Students will have to pay \$24 per test and must take five tests, for a total cost of \$120 per person—simply to sit for the test. Those who need to re-take one or more of the five tests must pay another \$24 re-taking fee.<sup>7</sup> A recent analysis of GED® pass rates showed that 36 percent of first-time test takers did not pass the test on their first try and 47 percent of those who retook the test had to re-take two or more of the five tests.<sup>8</sup>

### **Although the bill allows for waivers, it is not clear how state workforce agencies would be able to develop waiver policies and administer them.**

The bill, as written, appears to allow state workforce agencies to issue waivers if the requirements are deemed to be unduly burdensome. However, because the bill does not include clear standards or guidance on this point, it is not clear how state workforce agencies would proceed to develop and administer waiver policies that exempt some individuals, some groups or even all UI claimants in a state from the new requirement.

There is no question that individuals who have not completed high school should be encouraged to obtain their high school diploma or the equivalent and to complete some level of postsecondary education. Federal and state

education and workforce policies should support this important goal. However, creating a new educational requirement through the federal-state UI system is the wrong way to go about it.

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<sup>1</sup> U.S. Bureau of Labor Statistics, The Employment Situation, December 2011.

<sup>2</sup> Unpublished tabulations available from the Bureau of Labor Statistics, Displaced Worker Survey 2007-2009, January 2010. This total includes 102 million people in North Carolina, 243 million people in Texas and 328 million people in California who were displaced workers with less than a high school education.

<sup>3</sup> CLASP calculations of data provided by U.S. Department of Labor from a random sample of claimants who had weeks compensated in the regular program during CY 2010.

<sup>4</sup> National Council of State Directors of Adult Education, Adult Student Waiting List Survey 2009-2010.

<http://www.naepdc.org/publications/2010%20Adult%20Education%20Waiting%20List%20Report.pdf>.

<sup>5</sup> Marcie Foster, "Cuts to Adult Education Would Harm More Than Just Students," CLASP, July 14, 2011,

[http://www.clasp.org/issues/in\\_focus?type=basic\\_skills\\_and\\_workforce\\_training&id=0021](http://www.clasp.org/issues/in_focus?type=basic_skills_and_workforce_training&id=0021).

<sup>6</sup> In 2007-2008, per-student spending in adult education was between \$700 – 900 annually. This estimate covers a range of public adult education/ESL services, including GED® preparation and the actual cost varies by state and type of program. Source: Authors' analysis of spending and enrollment data from the U.S. Department of Education, Office of Adult and Vocational Education. Exact annual cost per student per student varies by state and is an estimate based on the most recent enrollment and expenditure data from federal and nonfederal expenditures.

<sup>7</sup> GED® Testing Service, Presentation to the National Coalition for Literacy: December 8, 2011.

<sup>8</sup> *Repeat GED® Tests Examinees: Who Persists and Who Passes?*, GED® Testing Service, August 2010.

[http://www.acenet.edu/Content/NavigationMenu/GED@/pubs/Repeat\\_GED@\\_Tests\\_Examinees\\_Practitioners\\_2010.pdf](http://www.acenet.edu/Content/NavigationMenu/GED@/pubs/Repeat_GED@_Tests_Examinees_Practitioners_2010.pdf).