

# RIPEC Policy Brief

## How Rhode Island Unemployment Insurance Benefits Compare

*This RIPEC Policy Brief provides an analysis of how Rhode Island’s Unemployment Insurance benefits compare to other states nationally and in New England. The intent of this policy brief is to provide background information and context when considering legislation introduced during the 2019 Legislative Session that would increase the maximum weekly unemployment benefit.*

### Introduction

Current Rhode Island statute provides that from July 1, 2012 on, the maximum weekly unemployment benefit rate is equal to 57.5 percent of the average weekly wage paid to all individuals in covered employment (i.e. employment that is covered by the Employment Security Act and therefore eligible for unemployment insurance) for the preceding calendar year (rounded down to the nearest dollar), or the maximum weekly benefit rate that was in effect as of July 1, 2011, whichever is higher.<sup>1</sup> The maximum weekly benefit rate that was in effect as of July 1, 2011 was \$566. This means that for the maximum weekly benefit rate to exceed \$566, Rhode Island’s average weekly wages in the prior calendar year must exceed \$986.09.

As Table 1 demonstrates, the average weekly wage in Rhode Island crossed this threshold for the first time in calendar year 2017. As a result, the maximum weekly benefit rate exceeded the baseline of \$566 for the first time in July of 2018. Currently, the maximum weekly benefit is \$576.

Rhode Island statute also provides for a dependents allowance for up to five dependent children, on top of the benefits described above. For each dependent child, covered individuals are entitled to \$15 or 5.0 percent of the individual’s weekly benefit rate (rounded down to the nearest dollar),

**Table 1. Rhode Island's Maximum Weekly Unemployment Benefit, July 1, 2012 - June 30, 2019**

Effective Date	Average Weekly Wage (AWW) of Prior Calendar Year	57.7% of AWW	Maximum Weekly Benefit Rate
Jul.1 - Dec. 31, 2012	\$ 864.81	\$ 497.27	\$ 566.00
Jan.1 - Jun.30, 2013	864.81	497.27	566.00
Jul.1 - Dec. 31, 2013	883.63	508.09	566.00
Jan.1 - Jun.30, 2014	883.63	508.09	566.00
Jul.1 - Dec. 31, 2014	905.24	520.51	566.00
Jan.1 - Jun.30, 2015	905.24	520.51	566.00
Jul.1 - Dec. 31, 2015	935.02	537.64	566.00
Jan.1 - Jul. 2, 2016	935.02	537.64	566.00
Jul.3 - Dec. 31, 2016	961.07	552.62	566.00
Jan.1 - Jun.30, 2017	961.07	552.62	566.00
Jul.1 - Dec. 31, 2017	976.73	561.62	566.00
Jan.1 - Jun.30, 2018	976.73	561.62	566.00
Jul.1 - Dec. 31, 2018	1,002.20	576.27	576.00
Jan.1 - Jun.30, 2019	1,002.20	576.27	576.00

SOURCE: RI DLT, Labor Market Information, *UI and TDI Quick Reference* (archived and current).

<sup>1</sup> R.I.G.L. [§28-44-6\(a\)\(5\)](#), 2019.

whichever is greater.<sup>2</sup> This means that the maximum dependents allowance from July 1, 2012 through June 30, 2018 was \$141 (5.0 percent of \$566, or \$28.30 per dependent for a maximum of 5 dependents), for a total combined maximum of \$707 per week. As of July 1, 2018, the maximum dependents allowance increased to \$144 (5.0 percent of \$576, or \$28.8 per dependent for a maximum of 5 dependents) for a combined total maximum of \$720 per week.

**Legislative Proposal: H. 5207/S. 0370**

House Bill 5270/Senate Bill 0370, entitled An Act Relating to Labor and Labor Relations – Employment Security – Benefits, was introduced on February 1, 2019 in the Rhode Island House of Representatives. This legislation seeks to increase the maximum weekly unemployment benefit rate to the greater of 57.5 percent of the average weekly wages paid to workers in the prior calendar year or \$636. This legislation would also have the effect of increasing the maximum dependents allowance to \$159 (5.0 percent of \$636, or \$31.8 per dependent for a maximum of 5 dependents). In other words, this would raise the total maximum benefit including the dependents allowance from \$720 to \$795 per week, a 10.4 percent increase.

The Rhode Island Department of Labor and Training (DLT) estimates that this proposal would cost the Unemployment Trust Fund an additional \$4.5 million per year. According to DLT, approximately 17.0 percent of claimants currently collect the maximum rate of \$576; if the maximum rate increases to \$636, DLT estimates that about 13.0 percent of claimants would collect the maximum.

It is worth noting that if wages continue to climb in Rhode Island, and the average weekly wage surpasses \$1,107.82, the maximum weekly benefit would be even higher. As a result, the impact to the Unemployment Trust Fund would also increase. Furthermore, the Rhode Island Consensus Economic Forecast, adopted in November 2018, suggests that a recession is expected to occur sometime within the next five years. If that occurs, and unemployment begins to climb again, the cost to the Trust Fund would be even greater.

**How Rhode Island’s Unemployment Benefits Compare**

Table 2 displays the maximum weekly unemployment benefit with and without any dependents allowance for all 50 U.S. states and D.C., as of January 1, 2018, the most current year for which nationally comparable data are available. Table 3 displays the same information for the six New England states. As these tables demonstrate, Rhode Island’s maximum weekly benefit excluding the dependents allowance of \$566 was the 10<sup>th</sup> highest in the country and 3<sup>rd</sup> highest in New England (after Massachusetts and Connecticut). Once the maximum dependents allowance of \$144 is factored in, Rhode Island’s combined maximum of \$707 was the 3<sup>rd</sup> highest nationally and 2<sup>nd</sup> highest in New England (after only Massachusetts).

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<sup>2</sup> R.I.G.L. [§28-44-6\(b\)](#), 2019.

**Table 2. 2018 Unemployment Benefits Comparison by State<sup>‡</sup>**

State	Max Weekly Benefits (w/o DA)	Max Weekly Dependents Allowance (DA)	Max Weekly Benefits (w/ DA)	Rank (w/o DA)	Rank (w/ DA)
Alabama	\$ 265	–	\$ 265	48	49
Alaska	\$ 370	\$ 72	\$ 442	38	27
Arizona	\$ 240	–	\$ 240	49	50
Arkansas	\$ 451	–	\$ 451	22	25
California	\$ 450	–	\$ 450	23	26
Colorado	\$ 573	–	\$ 573	9	13
Connecticut	\$ 613	\$ 75	\$ 688	6	5
Delaware	\$ 330	–	\$ 330	42	42
Dist of Columbia	\$ 432	–	\$ 432	27	29
Florida	\$ 275	–	\$ 275	46	47
Georgia	\$ 330	–	\$ 330	42	42
Hawaii	\$ 619	–	\$ 619	5	9
Idaho	\$ 414	–	\$ 414	33	34
Illinois	\$ 458	\$ 169	\$ 627	20	7
Indiana	\$ 390	–	\$ 390	35	36
Iowa	\$ 455	\$ 104	\$ 559	21	15
Kansas	\$ 474	–	\$ 474	18	23
Kentucky	\$ 488	–	\$ 488	16	20
Louisiana	\$ 221	\$ 63	\$ 284	51	46
Maine	\$ 431	\$ 196	\$ 627	28	7
Maryland*	\$ 430	\$ 40	\$ 430	29	30
Massachusetts	\$ 769	\$ 384	\$ 1,153	1	1
Michigan*	\$ 362	\$ 30	\$ 362	40	40
Minnesota	\$ 693	–	\$ 693	3	4
Mississippi	\$ 235	–	\$ 235	50	51
Missouri	\$ 320	–	\$ 320	45	45
Montana	\$ 518	–	\$ 518	13	17
Nebraska	\$ 414	–	\$ 414	33	34
Nevada	\$ 439	–	\$ 439	25	28
New Hampshire	\$ 427	–	\$ 427	31	32
New Jersey*	\$ 681	\$ 15	\$ 681	4	6
New Mexico	\$ 433	\$ 50	\$ 483	26	21
New York	\$ 430	–	\$ 430	29	30
North Carolina	\$ 350	–	\$ 350	41	41
North Dakota	\$ 606	–	\$ 606	7	10
Ohio	\$ 443	\$ 155	\$ 598	24	12
Oklahoma	\$ 506	–	\$ 506	14	18
Oregon	\$ 604	–	\$ 604	8	11
Pennsylvania	\$ 561	\$ 8	\$ 569	11	14
<b>Rhode Island</b>	<b>\$ 566</b>	<b>\$ 141</b>	<b>\$ 707</b>	<b>10</b>	<b>3</b>
South Carolina	\$ 326	–	\$ 326	44	44
South Dakota	\$ 390	–	\$ 390	35	36
Tennessee	\$ 275	–	\$ 275	46	47
Texas	\$ 494	–	\$ 494	15	19
Utah	\$ 543	–	\$ 543	12	16
Vermont	\$ 466	–	\$ 466	19	24
Virginia	\$ 387	–	\$ 387	37	38
Washington	\$ 713	–	\$ 713	2	2
West Virginia	\$ 424	–	\$ 424	32	33
Wisconsin	\$ 370	–	\$ 370	38	39
Wyoming	\$ 475	–	\$ 475	17	22

NOTE: DA stands for Dependents Allowance

‡ Reflects the status of state laws enacted as of January 1, 2018

\* The maximum weekly benefit amount is the same with or without the Dependents Allowance

SOURCE: US DOL Employment & Training Administration, *Comparison of State Unemployment Laws 2018* (updated May 29, 2019), <https://oui.doleta.gov/unemploy/comparison/2010-2019/comparison2018.asp>.

**Table 3. 2018 Unemployment Benefits Comparison:**

New England States <sup>‡</sup>					
State	Max Weekly Benefits (w/o DA)	Max Weekly Dependents Allowance (DA)	Max Weekly Benefits (w/ DA)	Rank (w/o DA)	Rank (w/ DA)
Connecticut	\$613	\$75	\$688	2	3
Maine	\$431	\$196	\$627	5	4
Massachusetts	\$769	\$384	\$1,153	1	1
New Hampshire	\$427	–	\$427	6	6
<b>Rhode Island</b>	<b>\$566</b>	<b>\$141</b>	<b>\$707</b>	<b>3</b>	<b>2</b>
Vermont	\$466	–	\$466	4	5

NOTE: DA stands for Dependents Allowance  
‡ Reflects the status of state laws enacted as of January 1, 2018  
SOURCE: US DOL Employment & Training Administration, Comparison of State Unemployment Laws 2018 (updated May 29, 2019), <https://oui.doleta.gov/unemploy/comparison/2010-2019/comparison2018.asp>.

Rhode Island’s current maximum weekly benefit excluding the dependents allowance of \$576 (effective as of July 1, 2018) is 9<sup>th</sup> highest nationally and 3<sup>rd</sup> highest in New England (after Massachusetts and Connecticut), holding all other states constant at the January 1, 2018 rate. Once

the maximum dependents allowance is factored in, Rhode Island’s total combined maximum weekly benefit of \$720 ranks 2<sup>nd</sup> highest nationally and in New England (exceeded only by Massachusetts), again holding all other states constant.

If H. 5207/S. 0370 is adopted, Rhode Island’s maximum weekly benefit excluding the dependents allowance of \$636 would rank 5<sup>th</sup> highest nationally and 2<sup>nd</sup> highest in New England (after Massachusetts), holding all other states constant at the January 1, 2018 rate. Factoring in the dependents allowance, Rhode Island’s combined maximum weekly benefit of \$795 would rank 2<sup>nd</sup> highest nationally and in New England (exceeded only by Massachusetts), holding all other states constant.

### **RIPEC Comments**

When considering whether to move forward with H. 5207/S. 0370, it is important to take several factors into consideration. First, it is worth noting that the maximum weekly unemployment benefit rate is already increasing in Rhode Island without any legislative changes as a result of natural wage growth. Given that current statute already provides for a mechanism to increase the maximum weekly benefit (i.e. wage growth), what is the rationale for increasing the baseline maximum?

Second, Rhode Island’s unemployment benefits were already among the most generous in New England and the nation as a whole, even before wage growth began driving up maximum benefits in the state. Adopting this legislation would make Rhode Island even more of an outlier regionally and nationally, which may undermine Rhode Island’s economic competitiveness.

It is also important to take into consideration the impact this legislation would have on the solvency of the Unemployment Insurance Trust Fund. RIPEC recommends conducting an actuarial analysis to understand how this bill would impact the Fund, and to estimate the likelihood that this policy would require a change to a higher rate schedule, or prevent a drop to a lower rate schedule, for employers. A higher rate schedule means higher costs for employers, which could have a negative impact on total employment, wages, and the economy in Rhode Island.

Finally, it is important to remember that another recession is expected to occur within the next five years, which will drive up unemployment rates. In light of this expectation, it is rational to consider whether Rhode Island should focus on building up Unemployment Trust Fund reserves now, while the economy is relatively strong and unemployment is low, in order to ensure there are sufficient resources in the Trust Fund to weather any future economic downturns.