

The Unemployment Insurance System

Economic security through preparedness, response, relief and recovery

The Unemployment Insurance system was created in 1935 in response to the economic threat to the United States posed by the Great Depression. To ensure economic security, this joint state and federal system used the same strategy that the United States now employs to meet the challenges of the 21st century: *preparedness, response, relief and recovery*.

Preparedness: The Unemployment Insurance system meets economic fluctuations and confronts crisis in the economy by maintaining a coherent set of policies and services, comprehensive program planning, forward funding, technological advances, legislative changes, labor market analysis, and well-trained system workers. Preparedness permits quick response.

Response: The Unemployment Insurance system is one of the first responders to an economic crisis. This is most evident in situations that affect large numbers of people, such as mass layoffs, seasonal layoffs, business closings, natural disasters and terrorist attacks. However, the process is just as effective when responding at the individual level to the subtle effects of buy-outs, globalization, outsourcing, immigration, changes in labor demographics and trends in trade. A rapid response accelerates relief.

Relief: The Unemployment Insurance system provides direct access to temporarily sustained relief. The employer and the worker both benefit from the temporary partial replacement of wages to qualified unemployed workers. Unemployment compensation provides necessities for the unemployed worker, while also providing a consistent flow of funds into the economy that supports the demand for consumer goods and services and improves the worker's probability of being re-employed. Relief sustains the economy as it shifts to recovery.

Recovery: The Unemployment Insurance system provides for a multi-faceted economic recovery through tax incentive programs, job training, education, job placement, dissemination of economic trends and indicators, and the preservation of an available and skilled workforce. Employment security encourages consumer confidence and spending to rebound, which contributes to economic stability, recovery and long-term, sustainable economic growth.