CALIFORNIA
BUDGET PROJECT

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WHAT WOULD AN ALTERNATE BASE PERIOD MEAN FOR CALIFORNIA'S UNEMPLOYED?

The Unemployment Insurance (UI) system provides provided income security to individuals who lose their jobs, stabilizes the economy during recessions, and provides an incentive to business to minimize layoffs. Over the past fifty years, the share of unemployed workers receiving UI benefits has declined from nearly half to approximately 35 percent.

One factor contributing to declining coverage is the structure of the base period used to determine eligibility. A base period is the yearlong span of work history used to determine whether a UI applicant has sufficient earnings to qualify for benefits. Current law bases eligibility for benefits on an individual's earnings durin g the first four of the past five completed calendar quarters. This definition ignores any amounts earned during the quarter in progress and the most recently completed quarter. Individuals with substantial recent earnings may be denied UI benefits — or experience a delay in receiving benefits — due to insufficient work history within the base period. Take, for example, a person who attempted to establish a claim on April 30, 2002. That person's eligibility was based on amounts earned between October 2000 and September 2001. Any amounts earned between October and April 29 would be ignored.

Current Base Period Definition Ignores Recent Work History

For Claims Beginning In:	The Current Base Period Includes Earnings Received:
February, March, April 2002	October 1, 2000 to September 30, 2001
May, June, July 2002	January 1, 2001 to December 31, 2001
August, September, October 2002	April 1, 2001 to March 31, 2002
November or December 2002, January 2003	July 1, 2001 to June 30, 2002

The lag between the base period and the point a person loses his or her job dates to time before electronic payrolling and reporting when employers mailed information to state employment departments and workers then manually keyed information into the department's database. New technology makes it possible to process earnings information more quickly, minimizing the need for a lagged base period. Thirteen states have adopted alternate base periods that consider recent earnings when determining eligibility for UI: Georgia, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Rhode Island, Vermont, Washington, and Wisconsin.

How Would an Alternate Base Period Work?

An alternate base period considers earnings during the four most recent completed quarters.

Under An Alternative Base Period

For Claims Beginning In:	Earnings Received During the Four Most Recent Completed Quarters Would Count Toward Eligibility:
February, March, April 2002	January 1, 2001 to December 31, 2001
May, June, July 2002	April 1, 2001 to March 31, 2002
August, September, October 2002	July 1, 2001 to June 30, 2002
November or December 2001, January 2003	October 1, 2001 to September 30, 2002