

**FIGURE 14-1 Unemployment Benefit Schedule for Michigan** • In the state of Michigan, no unemployment benefits are paid to those earning less than \$282 per week in the highest quarter of the past year. Once the \$282 level has been reached, unemployment benefits rise with the weekly wage in the highest quarter of the past year, with a maximum benefit of \$362.

Data from: [U.S. Department of Labor \(2020a\)](https://www.dol.gov/2020a).

**TABLE 14-1 Maximum Indemnity Benefits Paid to Selected Types of Work Injuries in 2020**

State	Type of Permanent Impairment					
	Arm	Hand	Eye	Leg	Foot	Temporary Injury (10 Weeks)
Georgia	\$151,875.00	\$108,000.00	\$101,250.00	\$151,875.00	\$91,125.00	\$6,750.00
Hawaii	\$288,600.00	\$225,700.00	\$148,000.00	\$266,400.00	\$189,625.00	\$9,250.00
Illinois	\$397,718.53	\$322,262.05	\$254,665.62	\$337,982.15	\$262,525.67	\$15,720.10
Indiana	\$159,300.00	\$127,440.00	\$68,320.00	\$143,370.00	\$68,320.00	\$7,800.00
Michigan	\$251,246.00	\$200,810.00	\$151,308.00	\$200,810.00	\$151,308.00	\$9,340.00
Mississippi	\$101,086.00	\$75,814.50	\$50,543.00	\$88,450.25	\$63,178.75	\$5,054.30
Missouri	\$122,971.60	\$92,758.75	\$74,207.00	\$109,720.35	\$79,507.50	\$10,119.20
New Jersey	\$311,850.00	\$283,500.00	\$189,000.00	\$297,675.00	\$269,325.00	\$9,450.00
New York	\$301,635.36	\$235,894.32	\$154,684.80	\$278,432.64	\$198,189.90	\$9,667.80
Washington, D.C.	\$479,057.28	\$374,647.36	\$245,670.40	\$442,206.72	\$314,765.20	\$15,354.40

Data are obtained from each state's respective Worker's Compensation website. For a full list of state WC websites, see <https://www.dol.gov/agencies/owcp/dfec/reg/compliance/wc>.

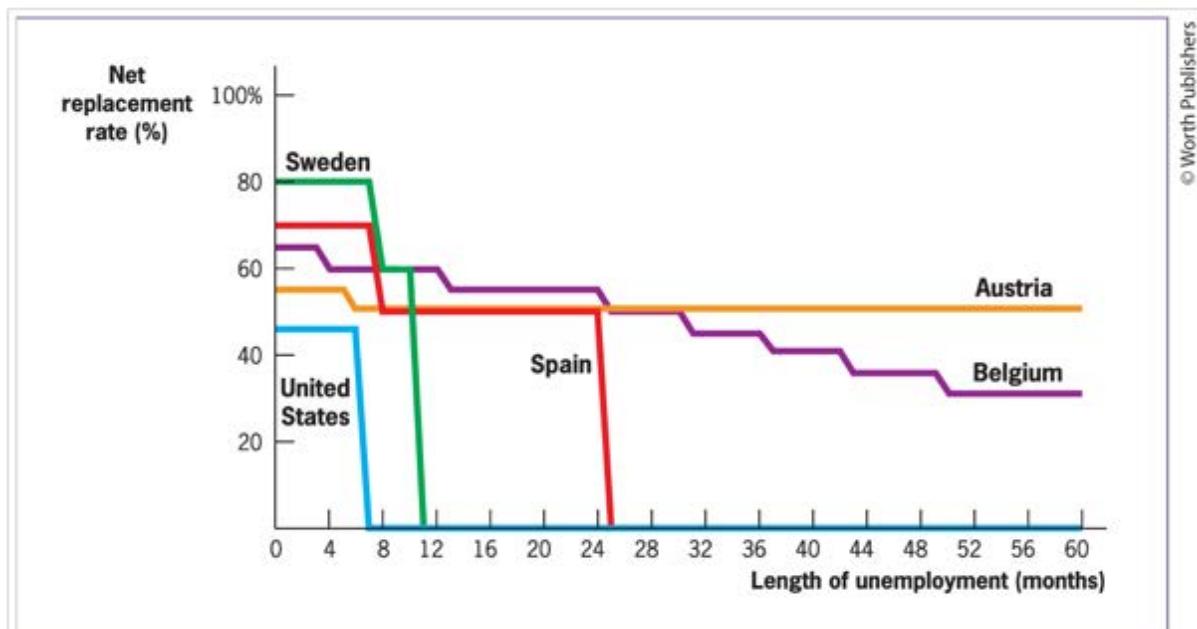
The benefits for different types of injuries differ greatly across this sample of states. The last column shows the benefits over 10 weeks for a temporary total injury that leaves the worker unable to work.

**TABLE 14-2 Comparing Unemployment Insurance, Disability Insurance, and Workers' Compensation**

Characteristic	UI	DI	WC
Qualifying event	Unemployment and job search	Disability	On-the-job injury
Duration	26 weeks	Indefinite	Indefinite (with medical verification)
Difficulty of verification	Unemployment: Easy Job search: Nearly impossible	Somewhat difficult	Very difficult
Average after-tax replacement rate	44%	60%	89%
Variation across states	Benefits and other rules	Only disability determination	Benefits and other rules

Data from: [U.S. Department of Labor \(2021a\)](#); [National Academy of Social Insurance \(2005\)](#); [Hunt \(2004\)](#).

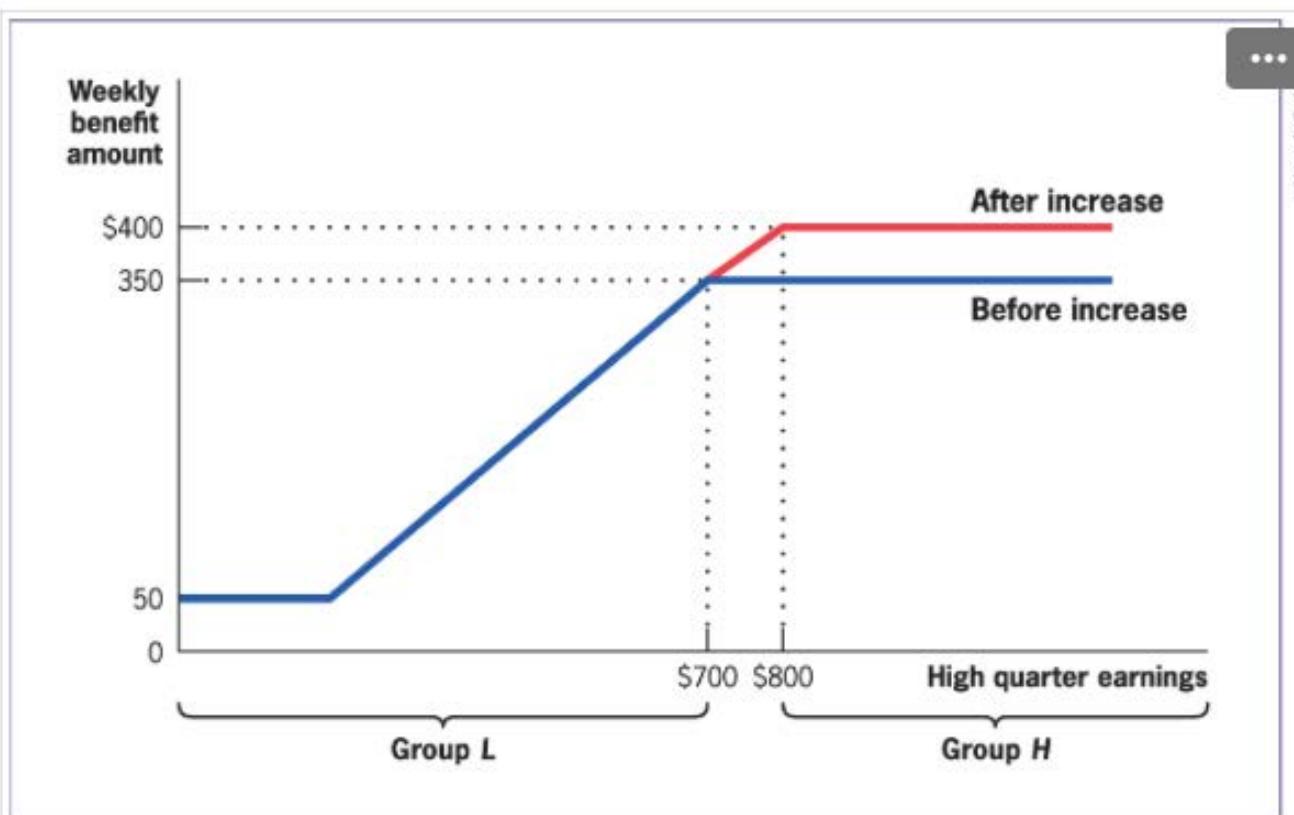
UI, DI, and WC differ along many dimensions, such as the qualifying event, the duration of benefits, the difficulty of verifying eligibility for the program, the average after-tax replacement rate, and the extent to which the program varies across states.



**FIGURE 14-2 Duration of UI Benefits** • In most European countries, UI benefits are available for much longer than the six months (26 weeks) available in the United States. The United States is the only nation in this sample that leaves workers with no benefits entitlement within five years (60 months) of unemployment.

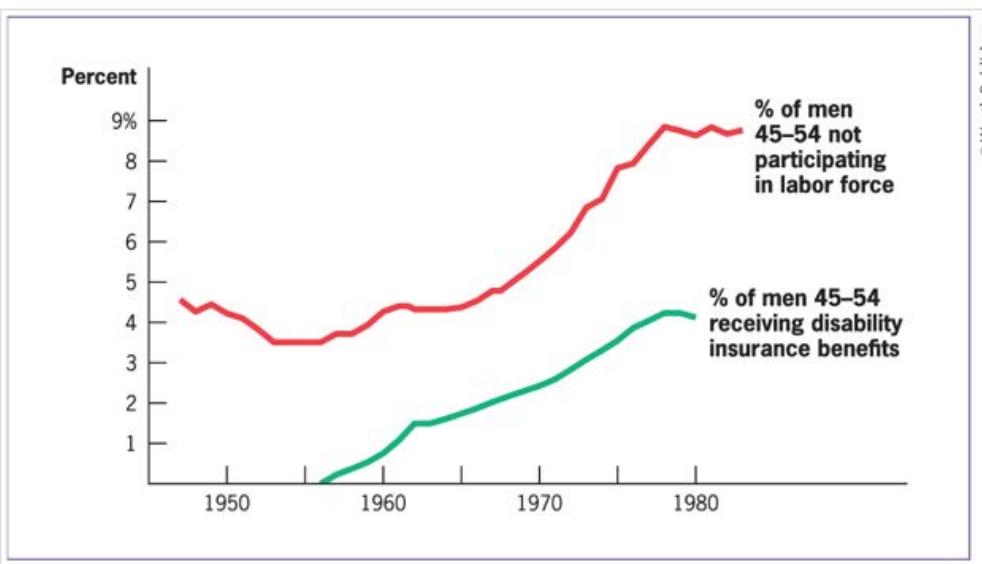
Data from: [European Commission \(2018\)](#).

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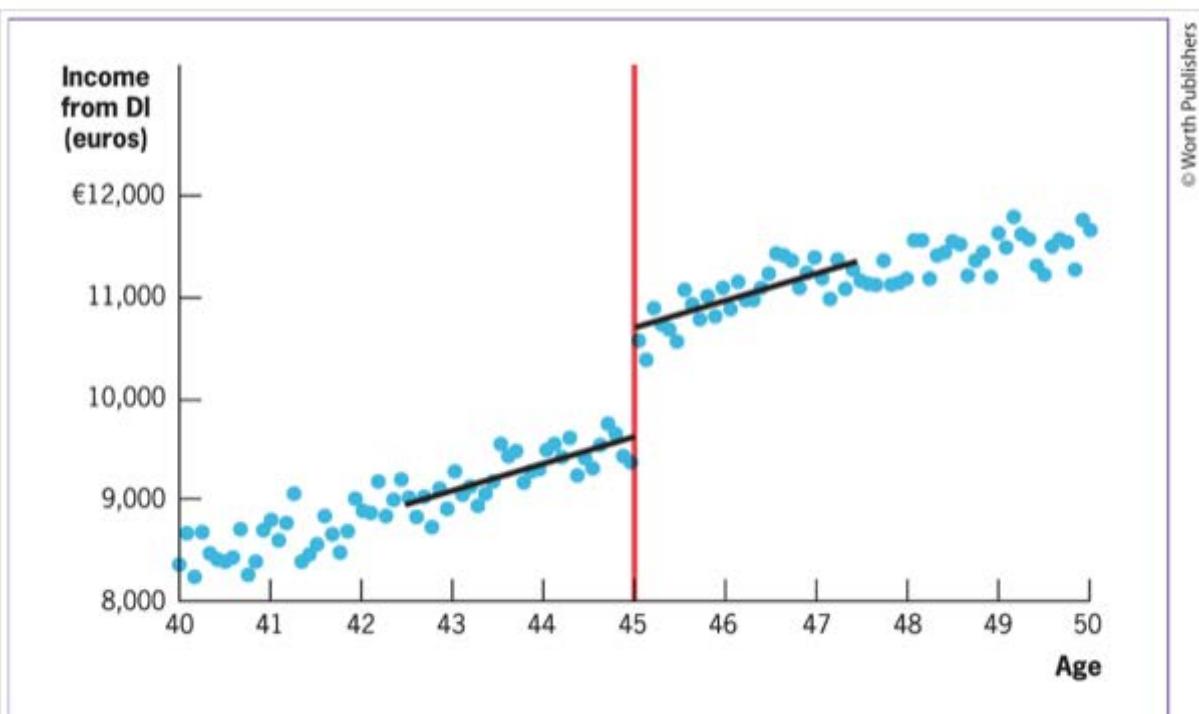
**FIGURE 14-3 Quasi-Experiments for Studying the Effect of UI Benefits on Unemployment Durations** • The treatment state of New Jersey originally provides a maximum benefit of \$350 for workers earning more than \$700 per week. It then raises its maximum benefit to \$400, which applies to all workers earning more than \$800 per week (group H). Workers earning less than \$700 per week (group L) are not affected by this policy change.

Data from: Adapted from [Meyer \(1989\)](#), Table 1.



**FIGURE 14-4 Labor Force Nonparticipation of Older Men and Growth in DI** • There is a striking correspondence between the growth in the DI program from the mid-1950s to the mid-1970s and the rise in nonparticipation rates of men age 45 to 54 during this same period. This correspondence may indicate that the availability of DI induced older men to leave the labor force, but other factors may also explain the correspondence.

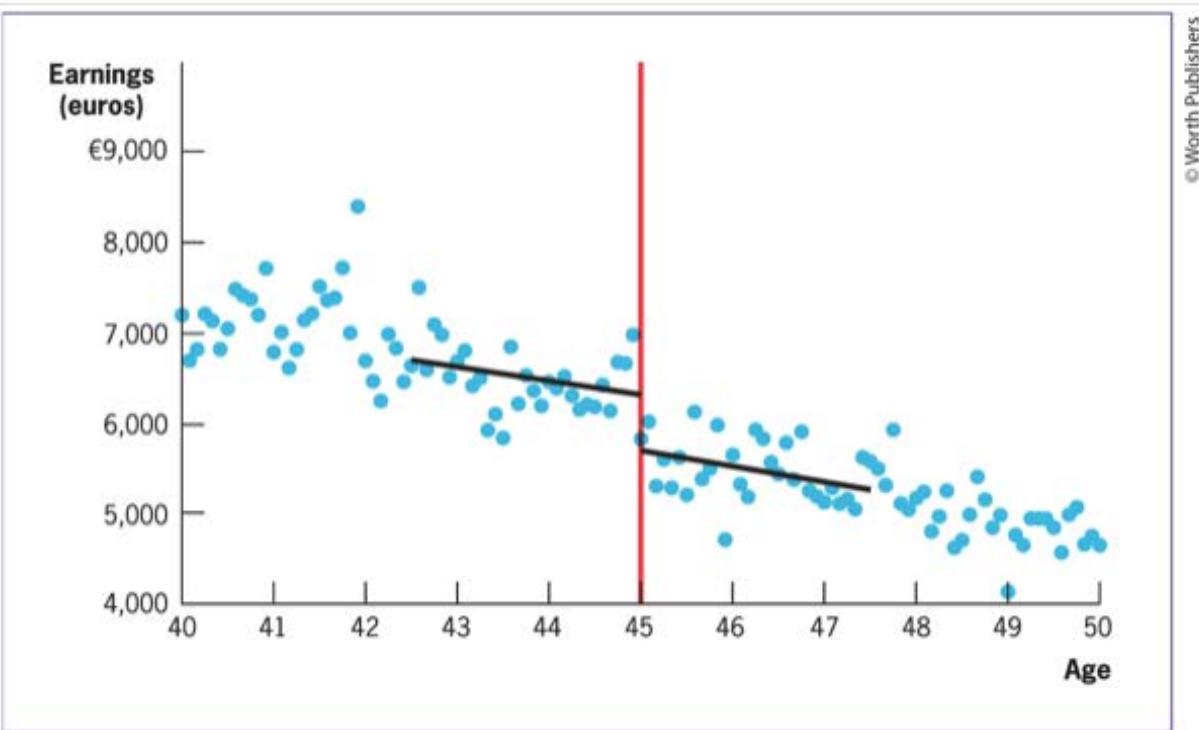
Data from: [Parsons \(1984\)](#), Figure 1.



**FIGURE 14-5 DI Benefit Amount by Age** • As people grow older, they are more likely to receive disability insurance benefits, so that their expected benefit amount rises. But at age 45, there is a jump in benefit amounts that is equivalent to about 1,100 euros. This is likely due to looser screening standards for those older than 45.

Data from: [Borghans et al. \(2014\)](#).

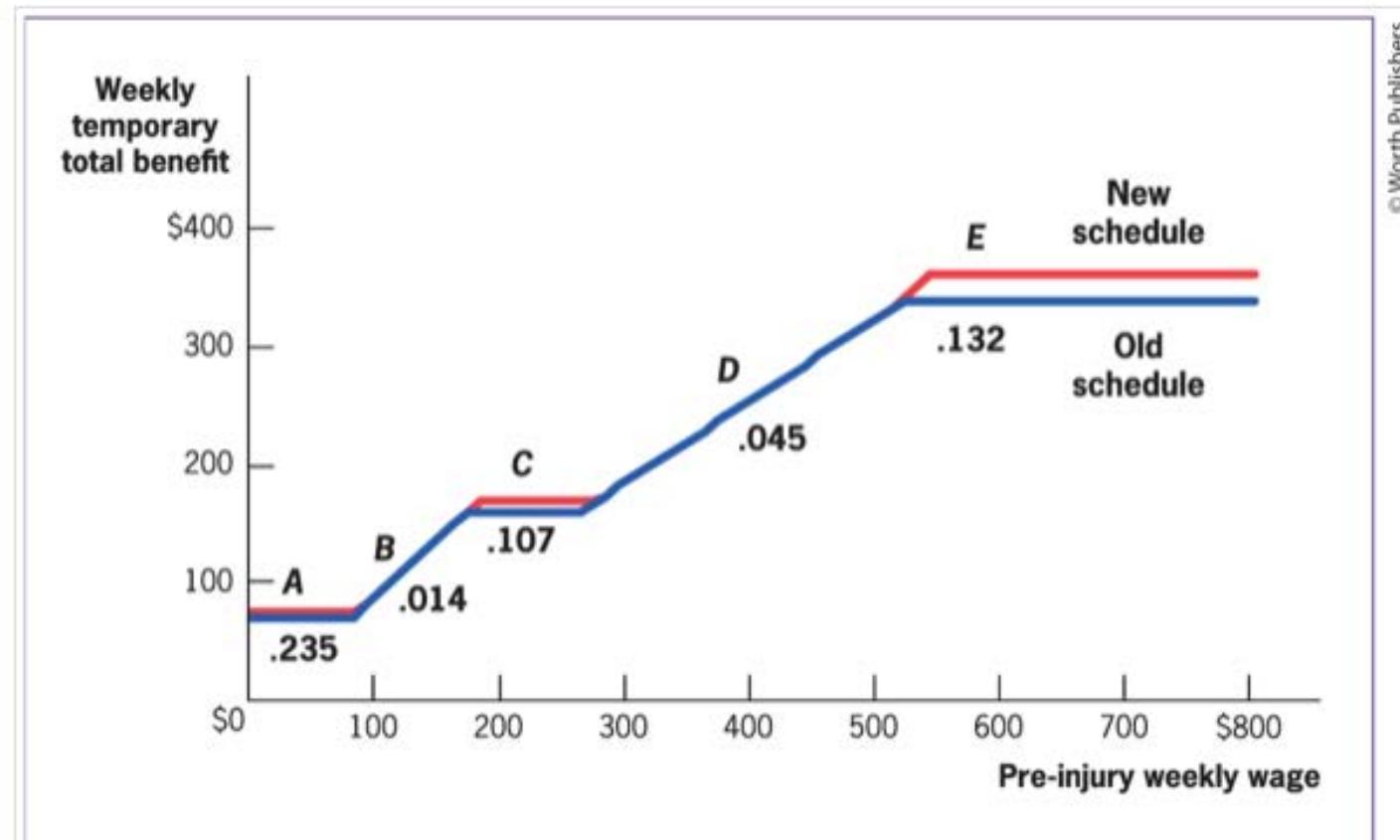
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**FIGURE 14-6 Earnings by Age** • Earnings before the age cutoff are €624 per year higher at the cutoff age than after. This suggests that labor income is crowded out by DI income, which is more easily accessible after turning 45.

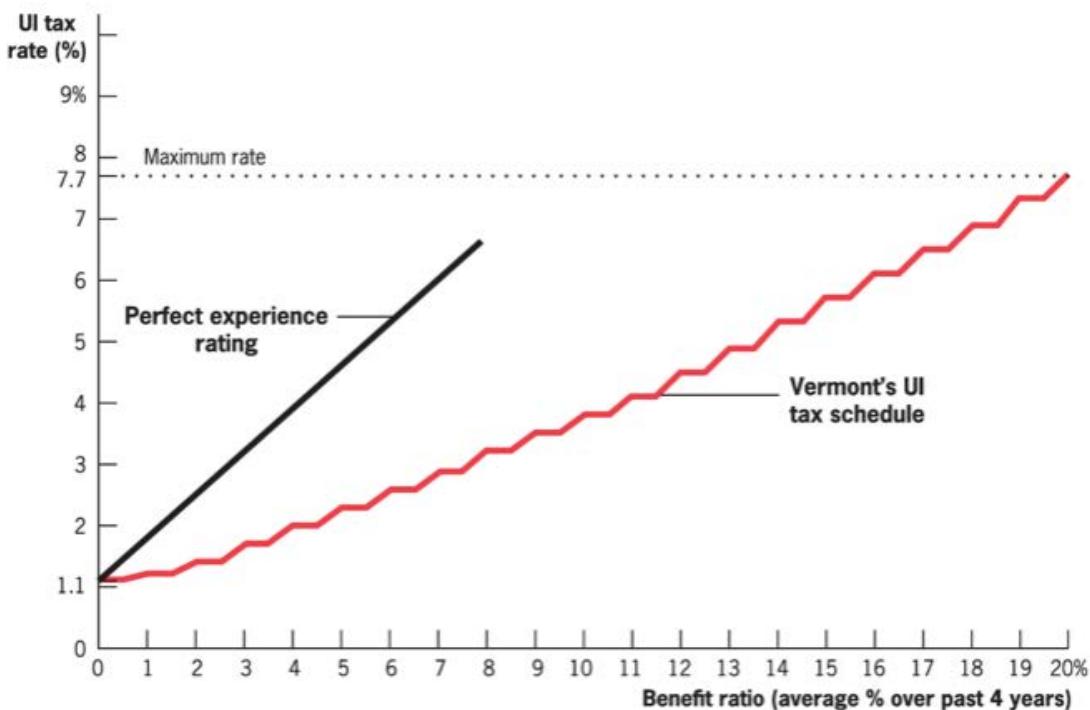
Data from: [Borghans et al. \(2014\)](#).

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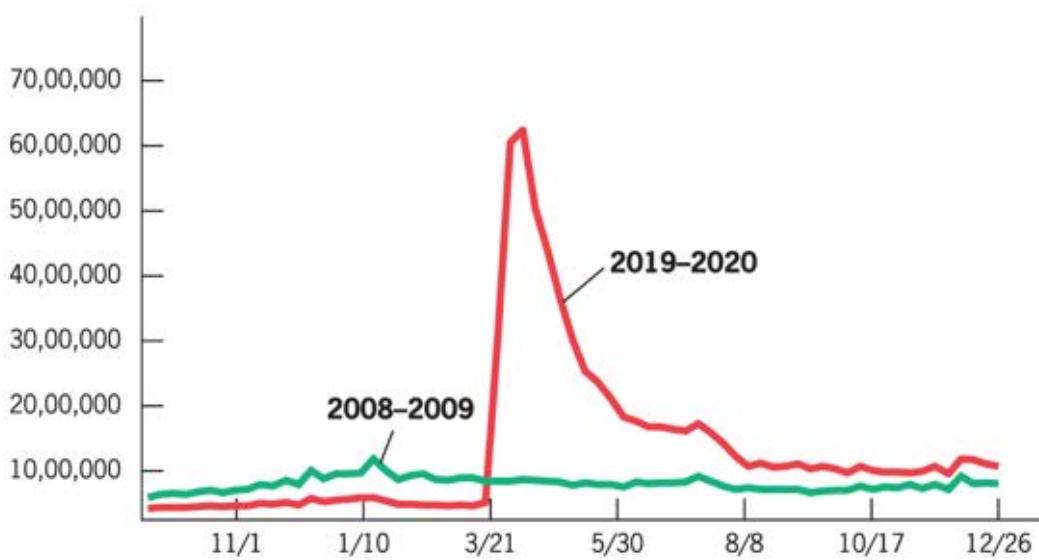
**FIGURE 14-7 WC Benefits Changes and Injury Duration** • On October 1, 1986, the state of Minnesota raised benefits for workers on segments *A*, *C*, and *E* of this schedule, while leaving benefits unchanged for segments *B* and *D*. Krueger found a sizeable rise in the duration of workplace injuries for workers at segments *A*, *C*, and *E*, but not for workers at segments *B* and *D*. Numbers below segments of the curve are differences [in log (weeks of benefits received)] between workers injured before and after the benefits change.

Data from: [Krueger \(1991\)](#), Figure 2.



**FIGURE 14-8 Experience-Rating Schedule for Vermont** • In Vermont, as in most states, the UI tax rate paid by employers rises as past layoffs rise, as measured by the benefit ratio, which is the ratio of UI benefits paid to the firm's workers relative to the firm's payroll. This rise is not on the one-for-one basis, however, that would follow the perfect experience-rating line. As a result, high-layoff (high-benefit ratio) employers are relatively subsidized by the system.

Data from: Tax rates taken from the Vermont Department of [Labor \(2018\)](#).



**FIGURE 14-9 Unemployment Insurance Applications in 2020** • This figure shows the number of UI applicants by week from September, 2019 through the end of 2020 (red); and, for comparison, the same numbers from September, 2008 through the end of 2009 (green).

Data from: <https://oui.doleta.gov/unemploy/claims.asp>

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