

Letters and Handouts for HF 107 (Berg)

Striking a Balance:

THE ROLE OF UNEMPLOYMENT INSURANCE IN
SUPPORTING MINNESOTA WORKERS



NorthStar
POLICY ACTION

ABOUT THE AUTHORS

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ABOUT NORTH STAR POLICY ACTION

North Star Policy Action is an independent research and communications institute that is dedicated to improving the lives of everyday Minnesotans by advancing bold ideas that change the conversation and bring communities together. We develop and promote data-driven solutions to persistent problems that allow working people to thrive, no matter who they are or where they live

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Striking a Balance: The Role of Unemployment Insurance in Supporting Minnesota Workers

During the recent Writers Guild of America strike, a studio executive said the quiet part out loud. In explaining how they would ultimately avoid giving in to the writers' demands for better pay and working conditions, the executive explained that their endgame was to "allow things to drag on until union members start losing their apartments and losing their houses." Another executive called this strategy "a cruel but necessary evil."¹

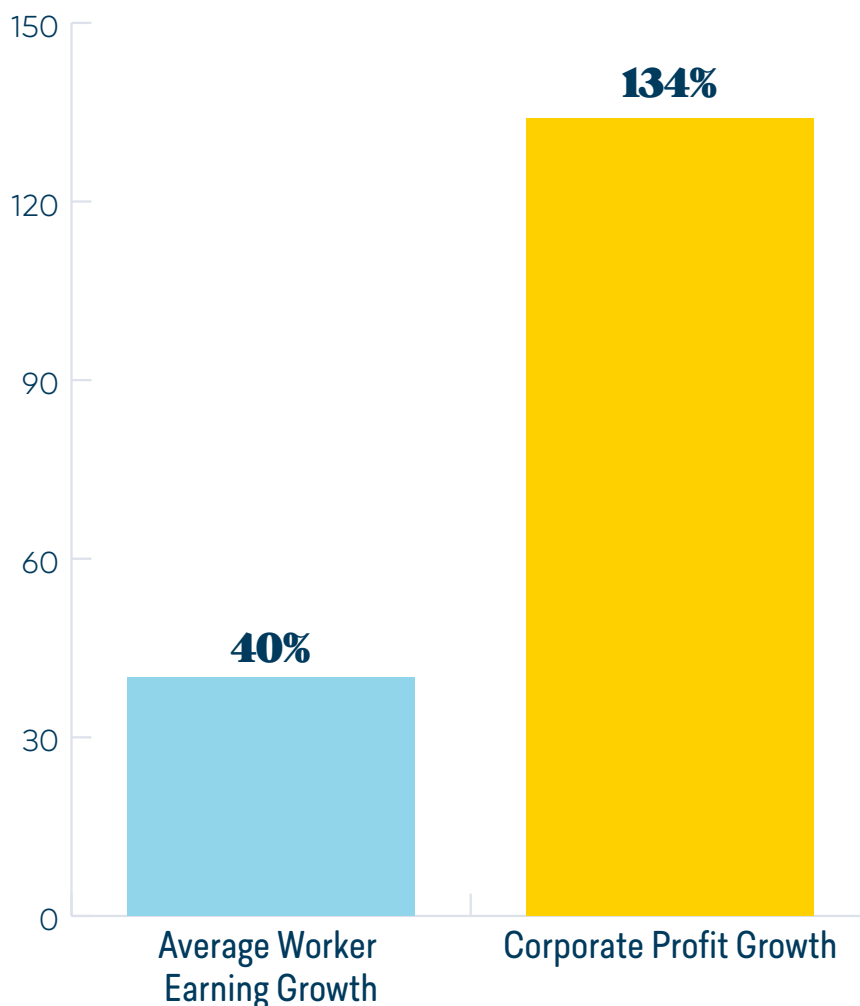
The studio executives illustrated a troubling reality in outlining their "cruel" strategy. Workers actively striking or considering a strike are at a disadvantage when matched against billionaire-backed corporations that can combine bad faith tactics and their considerable profits to wait out struggling laborers. As a result, workers are left with an impossible choice: provide for their families or advocate for fair pay and safe working conditions.

Underlying workers' disadvantage is a shift in the nation's economic balance. While wages tended to grow in line with corporate profits during the middle of the 20th century, that is

no longer the case today. Over the last 20 years, a substantially larger portion of worker productivity has fallen into the pockets of the wealthy.² For example, average earnings for private-sector employees increased by 40% from 2009 to 2021, while corporate

² Lawrence Mishel, "Growing inequalities, reflecting growing employer power, have generated a productivity-pay gap since 1979," Economic Policy Institute, September 2, 2021, <https://www.epi.org/blog/growing-inequalities-reflecting-growing-employer-power-have-generated-a-productivity-pay-gap-since-1979-productivity-has-grown-3-5-times-as-much-as-pay-for-the-typical-worker/>.

FIGURE 1: CHANGES IN AVERAGE WORKER EARNING GROWTH V. CORPORATE PROFITS, 2009-2021



¹ Dominic Patten, "Hollywood studios' WGA strike endgame is to let writers go broke before resuming talks in fall," Deadline, July 11, 2023, <https://deadline.com/2023/07/writers-strike-hollywood-studios-deal-fight-wga-actors-1235434335/>.

profits jumped 134%.³ The greater this gap between profits and wages grows, the easier it is for corporations to use their resources to intimidate workers into collective silence.

It is time to bring more fairness to the negotiating table and enable Minnesota workers to use all their rights to obtain the pay and dignity they deserve without fear of economic disaster. **To create a more level playing field between workers and wealthy corporations, Minnesota should allow striking workers to access Unemployment Insurance (UI).** Doing so will provide workers with peace of mind, knowing that if they need to strike, they will have access to a small but essential level of assistance to protect their families from hardship.

Two states already provide this benefit to striking workers. In doing so, these states recognize that the original intent of UI was to help those who are not working due to conditions outside of their control. This group includes workers utilizing strikes as a last resort in fighting back against corporate abuse, with UI alleviating financial suffering for workers, protecting a strong economy, and supporting the retention of good jobs. This report shows that properly weighing these substantial benefits against the minimal costs of expanding UI to cover striking workers reveals the tremendous value of states taking this step.

³ Aaron Keating, “Economic Update: Workers’ Wages and Corporate Profits,” Economic Opportunity Institute, January 6, 2022. <https://www.opportunityinstitute.org/research/post/economic-update-workers-wages-and-corporate-profits/>. Worker earnings represent average hourly earnings for production and nonsupervisory employees in the private sector.

The Cost of Fairness: Myths about Extending Unemployment Insurance to Striking Workers

Critics assert that expanding UI to striking workers will be too expensive, disincentivize work, and provide benefits to individuals who are not supposed to be eligible for the program. All these arguments merit serious engagement and, as shown below, are ultimately overblown.

MYTH 1: PROVIDING UI TO STRIKING WORKERS IS TOO COSTLY

One of the loudest arguments against expanding UI protections is that it will be too expensive.⁴ Fortunately, it is possible to

test the logic of this claim by estimating the weekly amount Minnesota would spend on UI benefits for striking workers rather than relying on the vague assertion of cost.

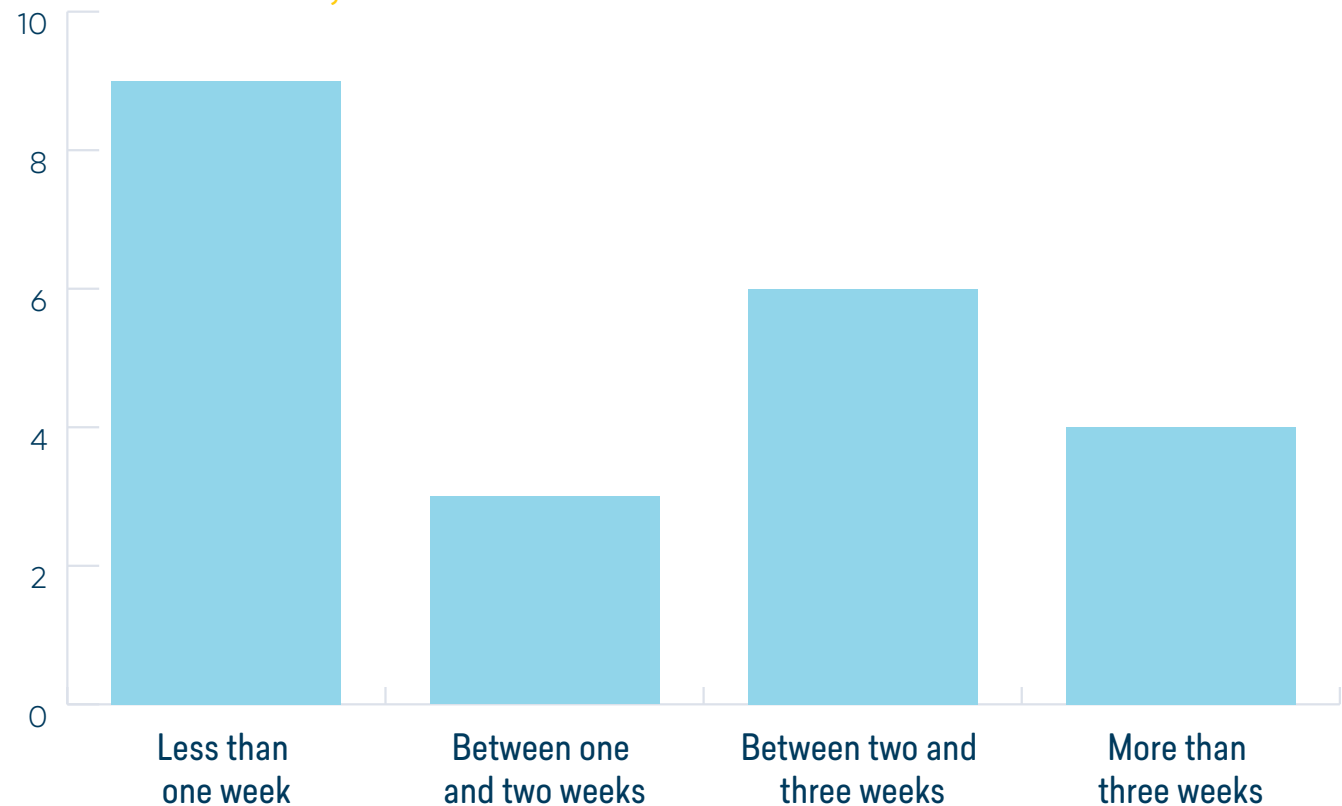
An important context for this analysis is that strikes are rare. Consider that from 1993 to 2023, there have only been 22 strikes in Minnesota involving more than 1,000 workers.⁵ Most of these strikes ended within two weeks, as shown in Figure 2.

Data on this number of striking workers in Minnesota makes it possible to estimate the cost of providing these workers with UI.

⁴ Denise Amos and Felicia Mello, “Labor leaders despair but don’t give up on unemployment for strikers after Gavin Newsom veto,” *Cal Matters*, October 1, 2023. <https://calmatters.org/california-divide/2023/10/california-unemployment-benefits-strikers/>.

⁵ Data on major strikes taken from <https://www.bls.gov/web/wkstp/monthly-listing.htm>. This analysis excludes multistate strikes that involved Minnesota workers. If multistate strikes are included, the number of strikes between 1993 and 2023 rises from 22 to 28.

FIGURE 2: NUMBER OF STRIKES INVOLVING 1,000+ WORKERS IN MINNESOTA BY STRIKE LENGTH, 1993–2023



For this analysis, we focus on strikes from January 2022 to December 2023, recognizing that this period provides a more recent sense of strike activity in Minnesota and, therefore, a more accurate basis for projections. Data gathered from the Labor Action Tracker, a project of Cornell University’s School of Industrial Labor and the University of Illinois School of Labor and Employment Relations, reveals that 24 strikes involving 6,899 workers occurred in Minnesota during these two years.⁶

Notably, the average duration of these strikes was six days. Just four strikes in the previous two years lasted more than eight days, involving 4,781 workers, while just three strikes lasted more than 14 days, involving 4,701 workers. These are crucial data points insofar as current legislative proposals in Minnesota essentially replicate the law in New Jersey. Here, striking workers are eligible for UI starting in the third calendar week, meaning they may be eligible anywhere from 8 to 14 days after their strike begins.

Taking this information on strike duration and the number of strikers over the last two years into account reveals that extending UI benefits to striking workers would lead to approximately 196 to 199 striking workers being eligible for UI in Minnesota each month.⁷

Three more critical pieces of information are necessary for this analysis. First, among the strikes that lasted more than 8-14 days, the average strike duration was between 4 and 5 weeks, indicating how long these striking workers would likely receive UI. Second, the state average weekly UI benefit is \$524.75, providing an estimate of how much each worker would receive. Finally, only 49.5% of workers eligible for UI in Minnesota claim their benefit, demonstrating that of the 196

to 199 eligible striking workers each month, roughly 97 to 99 would likely collect UI.⁸

Taking all of this information together reveals that, on average, 97 to 99 striking workers would receive between \$2,099 and \$2,624 of UI benefits per month, creating a grand cost range of \$203,603 to \$259,751 per month to provide UI to striking workers in Minnesota.

Comparing this against the average statewide number of continued monthly UI claims (42,928) and the average monthly benefits paid to those claims (\$81,743,858) reveals that this benefit provision would account for roughly 0.2% of ongoing UI claims and 0.3% of total UI disbursements in Minnesota.

Put simply, the cost of UI for striking workers would be relatively minuscule, particularly when compared to the amount of money regularly spent in Minnesota to assist jobless workers.

MYTH 2: EXPANDING UI DISINCENTIVIZES WORK

The argument that providing UI to striking workers will push them away from working rests on the idea that striking will simultaneously allow people to avoid their jobs and continue being paid. Evaluating this claim requires an understanding of what UI provides. There is no state in the US where people can live on UI.⁹ In Minnesota, the average weekly benefit from UI in 2022 was

⁶ The Labor Action Tracker data can be found at <https://striketracker.ilr.cornell.edu/>.

⁷ 4,781 workers divided by 24 months is equal to 199 workers per month, while 4,701 workers divided by 24 months is equal to 196 workers per month.

⁸ Data on the number of Unemployment Insurance claims in Minnesota is taken from U.S. Department of Labor, Employment and Training Administration, State Unemployment Insurance Weekly Claims data: <https://oui.doleta.gov/unemploy/claims.asp>. Data on the average weekly benefit is taken from U.S. Department of Labor, Employment and Training Administration, State Monthly Program and Financial Data: <https://oui.doleta.gov/unemploy/claimssum.asp>.

⁹ Lily Roberts and Justin Schweitzer “Can’t afford to live anywhere in the United States solely on Unemployment Insurance,” Center for American Progress, September 10, 2020, <https://www.americanprogress.org/article/cant-afford-live-anywhere-united-states-solely-unemployment-insurance/>

Table 1: Cost of Extending UI Benefits to Striking Workers in Minnesota

# of workers striking more than 8/14 days in last 24 months	4,781/4,701
Estimated # of monthly workers eligible for UI	196 to 199
% of eligible workers who claim UI in Minnesota	49.5%
Estimated # of monthly striking workers claiming UI	97 to 99
Average # of monthly UI claims in Minnesota	42,928
Estimated striking worker claims as a % of statewide UI claims	0.2%
Minnesota state average weekly UI benefit	\$524.75
Average duration of strikes over 8/14 days	4/5 weeks
Estimated monthly benefit per striking worker claiming UI	\$2,099 to \$2,624
Total estimated UI benefits for all striking workers:	\$203,603 to \$259,776
Average monthly UI benefits paid in Minnesota:	\$81,743,858
Striking worker UI benefits as a % of all statewide UI benefits:	0.3%
<i>Source: Authors' analysis of state Unemployment Insurance weekly claims data from U.S. Department of Labor, Employment and Training Administration, and strike participant data from the Labor Action Tracker, a project of Cornell University's ILR School and the University of Illinois' LER School, January 2022–December 2023.</i>	

roughly 45% of the average wage people received before enrolling in the program.¹⁰ In other words, for every dollar people were getting in wages while employed, they got just 45 cents from UI while unemployed.

Moreover, people often derive far more from their jobs than just wages, including benefits such as health insurance coverage. Such benefits are also lost during strikes, leaving workers in a particularly vulnerable position. With UI failing to match the vital compensation provided by employment, it is not something people can use to replace their jobs.

Notably, even when UI benefits were increased by \$600 during the COVID-19 pandemic, there is little evidence that this greater generosity kept people from

returning to their jobs.¹¹ For example, more than half of all unemployed people returned to work before their \$600 supplement expired, even though most of these jobs paid them less than the supplemented UI benefit.¹² People preferred working to UI, even when their pay might have been better on UI.

The assumption that people use strikes or UI to avoid work is false. People want to work, but they want to do so in a job that provides fair pay, dignity, and safety. The issue is that workers currently must choose between advocating for those conditions and feeding their families. That needs to end.

¹⁰ Robert Pavosevich, “Unemployment Insurance: Comparison of state benefit adequacy and reciprocity, 2022.” July 2023. <https://uidatage.com/wp-content/uploads/2022/05/CombinedBenAdqReport2022July2023.pdf>.

¹¹ Peter Ganong, Fiona Greig, Pascal Noel, Daniel M. Sullivan, and Joseph Vavra, “Lessons learned from expanded Unemployment Insurance during COVID-19,” *The Hamilton Project*, April 27, 2022. Edited by Wendy Edelberg, Louise Sheiner, and David Wessel. *Recession remedies: Lessons learned from the U.S. economic policy response to COVID-19*. <https://www.brookings.edu/wp-content/uploads/2022/04/RR-Chapter-2-Unemployment-Insurance.pdf>.

¹² Peter Ganong, Fiona Greig, Max Liebeskind, Pascal Noel, Daniel M. Sullivan, and Joseph Vavra, “Spending and Job Search Impacts of Expanded Unemployment Benefits: Evidence from Administrative Micro Data.” *Becker Friedman Institute*, February 2021, Working Paper No. 2021-19, https://repec.bfi.uchicago.edu/RePEc/pdfs/BFI_WP_2021-19.pdf.

MYTH 3: STRIKING WORKERS ARE NOT ELIGIBLE FOR UI

Having established that UI for striking workers will not push people away from working and barely scratches the surface of current UI benefits, the question remains: Should striking workers be eligible for UI?

UI is designed to provide benefits to people who are *involuntarily* out of work. From this perspective, some may argue that striking workers cannot receive UI because they choose not to work. While plausible, evidence suggests this argument is false.

Strikes are a last resort for workers, not an option that they seek to take on. The relatively rare nature of strikes demonstrated above highlights this truth. This perspective casts considerable doubt on the voluntary

nature of striking workers stepping away from their employment.

Indeed, the falsity of this ineligibility assertion is made plain when considering New York's provision of UI for striking workers. Notably, this inclusion of striking workers was in New York's original UI policy, which was in place before the federal government began its own UI program in 1935. With evidence suggesting that New York's unemployment policy was a model for the national government's effort to aid the jobless, it seems that striking workers were understood as an eligible population from the outset of UI and should continue to be seen as eligible today.¹³ Examining the goals of the UI program demonstrates this understanding, as we do in the next section.

¹³ Michelle Evermore, "Testimony: Striking workers should receive unemployment benefits," The Century Foundation, February 9, 2023, <https://tcf.org/content/commentary/testimony-striking-workers-should-receive-unemployment-benefits/>.

The Benefits of Fairness: How Extending Unemployment Insurance to Striking Workers Aligns with the Program’s Intent

The UI program was designed to accomplish three fundamental goals: 1. Support workers, 2. Alleviate individual hardship, and 3. Protect the economy. As this section demonstrates, providing UI to striking workers accomplishes these goals in significant ways, indicating that making striking workers eligible for UI aligns with the program’s intent and creates benefits that far outweigh the minimal costs covered above.

SUPPORTING WORKERS

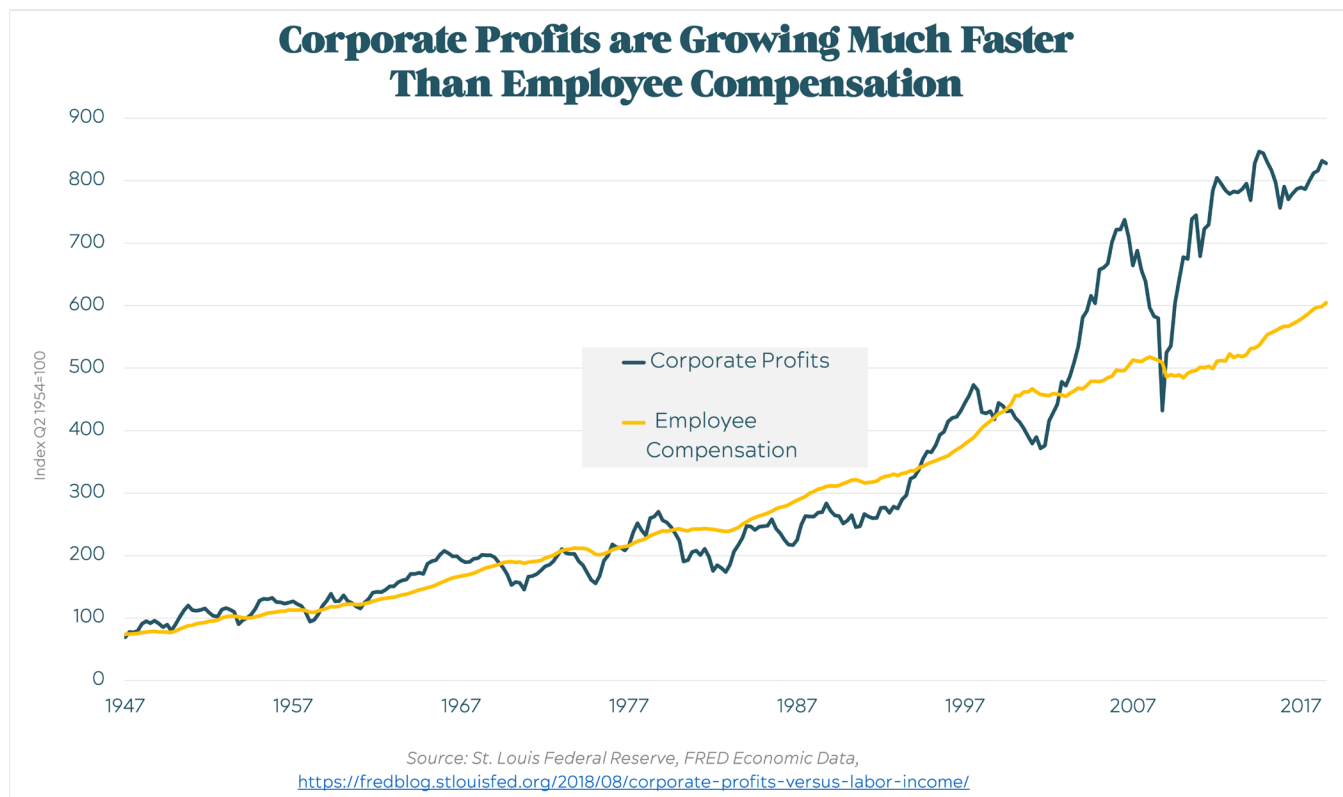
UI has always been envisioned as a policy that allows jobless workers to maintain their gains in the labor market. By giving them support, UI prevents workers from needing to take the first job available, allowing them to obtain a

position that aligns with their acquired skills and wages. Supporting striking workers achieves this same mission, ensuring workers can negotiate terms that keep them in a suitable job.

Negotiating strong employment terms has become more difficult in recent years, with corporate profits growing substantially faster than workers’ wages. The chart below shows that while these two factors tended to change together for much of American history, a considerable divergence has formed over the last two decades.¹⁴

¹⁴ “Corporate profits are growing much faster than employee compensation,” Joint Economic Committee Democrats, August 20, 2018, <https://www.jec.senate.gov/public/index.cfm/democrats/blog?ID=9877C1D4-3669-4DoC-BoB2-8A9098553ADA>.

FIGURE 3. CORPORATE PROFITS AND EMPLOYEE COMPENSATION, 1947 TO 2018

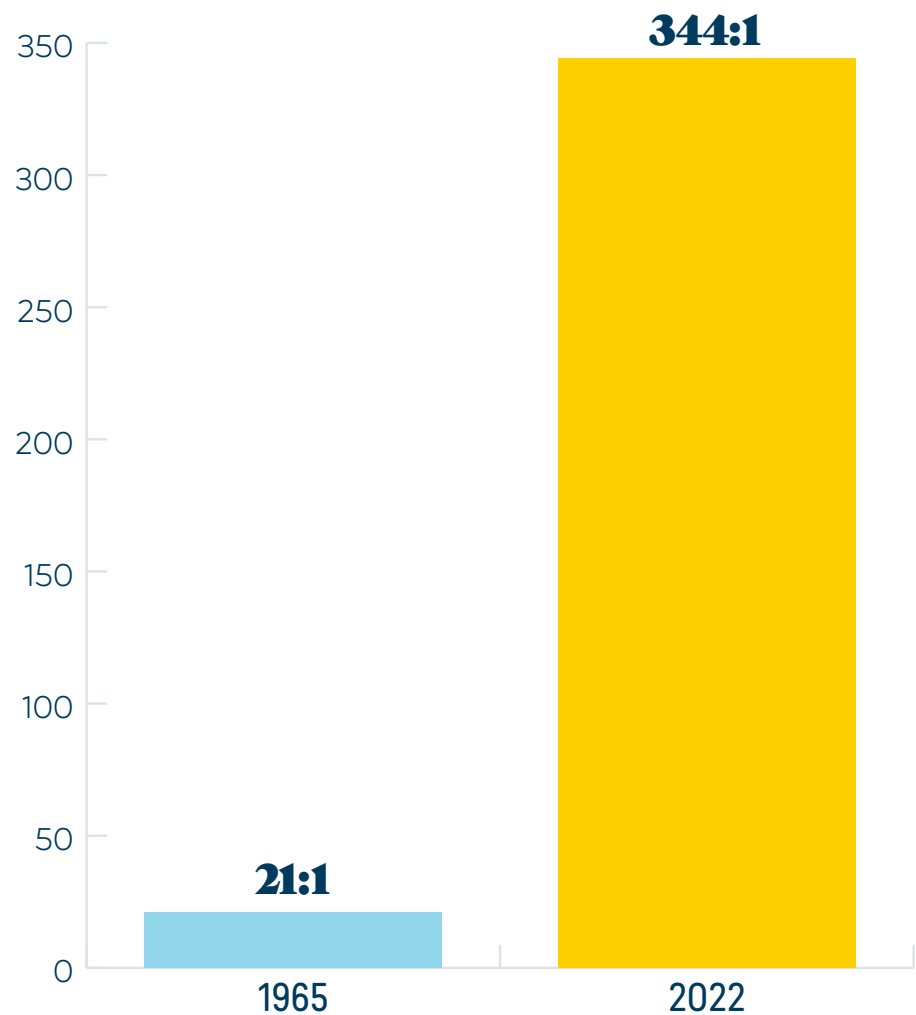


In line with this change, there has been a growing gap between the salaries of CEOs and the workers who make their businesses function. In 1965, the average CEO pay was 21 times greater than the average worker. Today, CEOs make 344 times more than their average worker.¹⁵

The result of this gap is a set of billionaire-backed wealthy corporations employing financially precarious workers. In 2022, 37% of Americans said they could not afford to cover a \$400 emergency expense, up from 32% in 2021.¹⁶ In Minnesota, 49% of renters spent more than 30% of their income on rent in 2022, up from 42% in 2019, with more than a quarter devoting over half of their income to rent.¹⁷

This is the reality on the minds of corporations and workers when they sit down to negotiate working conditions and wages. Corporations know that their healthy profits can keep them afloat and that the workers who earned those profits are unlikely to be able to go without a paycheck. Within this dynamic, the threat of a strike is reduced, thereby alleviating the pressure on corporations to provide workers with the pay, dignity, and conditions they deserve.

FIGURE 4. CEO TO AVERAGE WORKER PAY RATIO, 1965 AND 2022



The provision of UI for striking workers creates a lifeline that brings more balance to this negotiating table, allowing workers to avoid the choice between advocating for their rights and keeping food on the table. Evidence shows that UI has a tremendous impact on workers' willingness to take action in response to dangerous conditions in their workplace. For example, a recent survey found that workers are two times more likely

¹⁵ Josh Bivens and Jori Kandra, "CEO pay slightly declined in 2022," Economic Policy Institute, September 21, 2023, <https://www.epi.org/publication/ceo-pay-in-2022/>.

¹⁶ Will Daniel, "Turbulence ahead: Nealy 4 in 10 Americans lack enough money to cover a \$400 emergency expense, Fed survey shows," Fortune, May 23, 2023, <https://fortune.com/2023/05/23/inflation-economy-consumer-finances-americans-cant-cover-emergency-expense-federal-reserve/>

¹⁷ Data on rent burden come from Joint Center for Housing Studies of Harvard University. Data can be found at <https://www.jchs.harvard.edu/americas-rental-housing-2024>

to say they would go on strike to address health and safety concerns in the workplace if they believe they will receive UI.¹⁸

Put simply, expanding UI benefits supports workers by providing them with a greater ability to maintain their gains in the labor market and exercise their collective voice when dealing with abuse from increasingly wealthy corporations.

ALLEVIATING INDIVIDUAL HARDSHIP

While this report previously noted that UI is not a complete income replacement, its assistance can go far in helping workers through the difficulties that come from being out of a job. These difficulties from unemployment have been associated with a range of poor outcomes, including lower life satisfaction among children with unemployed parents and an increased risk of suicide for those out of a job.¹⁹

Notably, there is evidence that UI can alleviate some of these consequences. For example, one study found that more generous UI benefits decrease the likelihood of unemployment leading to suicide,²⁰ suggesting that providing UI benefits reduces the mental health difficulties faced by those who find themselves without work.

This evidence suggests that UI for striking workers aids them financially, and in doing so, keeps them healthier and ensures future generations do not suffer from workers advocating for their rights.

PROTECTING THE ECONOMY

A major motivation driving the creation of UI was ensuring that times of unemployment did not spark a broader economic downturn. The concern was that if workers laid off by a company stopped being able to afford groceries, for example, the workers at the grocery store would also lose their jobs, creating a downward spiral. By providing jobless workers with assistance, UI allows those workers to continue spending money in their communities, preventing the spread of financial woes.

This theory of UI's impact has been proven correct over time. During the pandemic, every dollar paid into UI generated \$1.92 in economic activity, showing how UI can keep communities afloat during stretches of unemployment.²¹

From this perspective, providing UI to striking workers helps them and ensures they can feel confident they are not jeopardizing their communities by fighting for better working conditions.

18 Alexander Hertel-Fernandez and Alix Gould-Werth, "Labor organizations and Unemployment Insurance: A virtuous circle supporting US workers' voices and reducing disparities in benefits," Washington Center for Equitable Growth, October 2020, <https://equitablegrowth.org/wp-content/uploads/2020/10/100920-ui-workerpower-ib.pdf>.

19 Milena Nikolova and Boris N. Nikolaev, "Family matters: involuntary parental unemployment during childhood and subjective well-being later in life," Global Labor Organization Discussion Paper Series 212, 2018, <https://ideas.repec.org/s/zbw/glodps.html>

Julie A. Phillips and Colleen N. Nugent, "Suicide and the Great Recession of 2007-2009: The role of economic factors in the 50 U.S. states," *Social Science and Medicine*, Volume 116, September 2014, Pages 22-31, <https://doi.org/10.1016/j.socscimed.2014.06.015>.

20 Jonathan Cylus, M. Maria Glymour, and Mauricio Avendano, "Do Generous Unemployment Benefit Programs Reduce Suicide Rates? A State Fixed-Effect Analysis Covering 1968-2008," *American Journal of Epidemiology*, Volume 180, Issue 1, July 2014, Pages 45-52, <https://doi.org/10.1093/aje/kwu106>.

21 Klaus-Peter Hellwig, Supply and demand effects of Unemployment Insurance benefit extensions: Evidence from US counties," *International Monetary Fund Working Papers*, March 12, 2021, <https://www.imf.org/en/Publications/WP/Issues/2021/03/12/Supply-and-Demand-Effects-of-Unemployment-Insurance-Benefit-Extensions-Evidence-from-U-S-50112>.

Conclusion: The Power of Strikes

America is witnessing a renewed power of strikes. In 2023, there were 451 strikes nationwide, compared to 414 in 2022 and 270 in 2021.²² While recent years have seen the most significant amount of strike activity since the 1980s, this growing number of striking workers still represents a 70% decline compared to the number of major work stoppages in the early 1970s.

Still, the results of these strikes have been impressive. Following a three-day strike, 85,000 workers at Kaiser Permanente won 21% raises and a \$25 minimum wage.²³ A strike threat from UPS workers led to crucial improvements in working conditions, including air conditioning in delivery vehicles and limits on workplace surveillance.²⁴ Strikes from autoworkers yielded immediate 11% raises and 33% raises over the next five years.²⁵ This increase came in response to decades of worker abuse and mistreatment, with autoworkers pointing out that their pay had trailed inflation by 19% since 2008, while CEO pay increased by 40% during the same period.²⁶

Unfortunately, too many workers are being prevented from realizing the power of strikes due to fear of the economic consequences that come from taking this action. Wealthy corporations rely on this fear, knowing it prevents workers from utilizing their rights to demand better treatment.

To address this issue, Minnesota should extend UI to striking workers. Providing this small level of assistance to workers brings greater balance to their negotiations with wealthy corporations, helping them to fight back against the growing inequality in the US. In taking this step, Minnesota will not be alone. New York and New Jersey already provide striking workers with UI, while eight other states are considering similar proposals, along with a legislative initiative at the federal level.²⁷

This report shows how the benefits of expanding UI outweigh its minimal costs. By alleviating the hardships workers face, supporting workers' communities, and helping them better advocate for themselves in negotiations with wealthy corporations, this policy change can substantially impact worker power and quality of life in Minnesota.

To the extent that this change scares wealthy corporations who worry that workers will be more likely to strike, there is an easy and efficient solution: stop lining the pockets of CEOs with the fruits of workers' labor and provide the kind of wages and working conditions that prevent strikes in the first place.

22 Data taken from The Labor Action Tracker at <https://strikeracker.ilr.cornell.edu/>.

23 Steve Greenhouse, "US unions winning big gains amid 'Great Reset' in working power," *The Guardian*, October 24, 2023, <https://www.theguardian.com/us-news/2023/oct/24/us-unions-successes-contracts>

24 UPS Teamsters tentative contract agreement, changes, and improvements available at <https://teamster.org/wp-content/uploads/2023/08/UPS-Master-Highlights-single-pgs-1.pdf>.

25 Bob Simison, "Organized labor's wins in 2023 may spur more strikes in 2024," *Investopedia*, December 29, 2023, <https://www.investopedia.com/organized-labor-wins-in-2023-may-spur-more-strikes-in-2024-8420606>

26 Adam S. Hersh, "UAW-automakers negotiations pit falling wages against skyrocketing CEO pay," *Economic Policy Institute*, September 12, 2023, <https://www.epi.org/blog/uaw-automakers-negotiations/>.

27 Daniel Perez. "Extending Unemployment Insurance to striking workers would cost little and encourage fair negotiations," *Economic Policy Institute*, January 29, 2024, <https://www.epi.org/blog/extending-unemployment-insurance-to-striking-workers-would-cost-little-and-encourage-fair-negotiations/>. The EPI post lists seven additional states. Since that post was published, Maryland has also introduced legislation providing UI for striking workers: https://mgaleg.maryland.gov/2024RS/fnotes/bil_0001/sb0871.pdf. For the federal government initiative, see <https://schiff.house.gov/news/press-releases/rep-schiff-ocasio-cortez-norcross-and-35-colleagues-introduce-bill-to-grant-striking-workers-unemployment-insurance>.



Striking a Balance: The Role of Unemployment Insurance in Supporting Minnesota Workers

Minnesota's economy is marked by a growing disparity between corporate profits and workers' wages, making it difficult for workers to advocate for fair treatment without risking economic hardship. To create a more level playing field between workers and wealthy corporations, **Minnesota should extend Unemployment Insurance (UI) to striking workers.** Our "Striking a Balance" report highlights the negligible costs, historical precedent, and critical financial support associated with extending UI benefits, and reinforces the importance of empowering workers without the fear of economic consequences.

DEBUNKING THE MYTHS



IT IS TOO COSTLY

- From 1993 to 2023, there were **only 22 strikes in Minnesota involving more than 1,000 workers**, and most of these strikes ended within two weeks.
- Extending UI benefits to striking workers would result in **less than 200 additional eligible workers each month**, and less than 50% of eligible workers historically claim their UI benefit.
- This provision would account for only **0.2% of ongoing UI claims**, and 0.3% of total UI disbursements in Minnesota.

Table 1: Cost of Extending UI Benefits to Striking Workers in Minnesota

# of workers striking more than 8/14 days in last 24 months	4,781/4,701
Estimated # of monthly workers eligible for UI	196 to 199
% of eligible workers who claim UI in Minnesota	49.5%
Estimated # of monthly striking workers claiming UI	97 to 99
Average # of monthly UI claims in Minnesota	42,928
Estimated striking worker claims as a % of statewide UI claims	0.2%
Minnesota state average weekly UI benefit	\$524.75
Average duration of strikes over 8/14 days	4/5 weeks
Estimated monthly benefit per striking worker claiming UI	\$2,099 to \$2,624
Total estimated UI benefits for all striking workers:	\$203,603 to \$259,776
Average monthly UI benefits paid in Minnesota:	\$81,743,858
Striking worker UI benefits as a % of all statewide UI benefits:	0.3%

Source: Authors' analysis of state Unemployment Insurance weekly claims data from U.S. Department of Labor, Employment and Training Administration, and strike participant data from the Labor Action Tracker, a project of Cornell University's ILR School and the University of Illinois' LER School, January 2022–December 2023.



STRIKING WORKERS SHOULD BE INELIGIBLE FOR UI

- The UI program was designed to support workers, alleviate individual hardship, and protect the economy. **Making striking workers eligible for UI aligns with the program's intent** and creates benefits that far outweigh the minimal costs.
- New York's unemployment policy, which served as a model for the national program, recognized striking workers as an eligible population from the first implementation of UI programming, and they should continue to be seen as eligible today.



EXPANDING UI DISINCENTIVIZES WORK

- UI benefits do not discourage work** as they only replace a portion of income without providing additional work-related benefits like health insurance.
- More than half of all unemployed people returned to work** before their \$600 UI supplement expired during the pandemic, **even though most of these jobs paid them less than the supplemented UI benefit.**



WHY EXTENDING UI IS CRITICAL

- Today, **CEOs make 344x more than their average worker.** Corporations know that their healthy profits can keep them afloat as they wait out struggling workers who are unlikely to be able to go without a paycheck.
- Expanding UI benefits supports workers by providing them with a greater ability to maintain their gains in the labor market and **exercise their collective voice when dealing with abuse** from increasingly wealthy corporations.
- Striking workers will spend their UI benefits in their communities**, ensuring that their push for better pay and working conditions does not lead to a broader downturn in their local economy.
- This strategic move ensures workers have essential financial support during strikes, protects a strong economy, and supports the retention of good jobs, all at a minimal cost.

Minnesota has the opportunity to lead in restoring balance to labor relations and create a level playing field in negotiations by extending UI benefits to striking workers. By alleviating the hardships workers face, supporting workers' communities, and helping them better advocate for themselves in negotiations with wealthy corporations, this policy change can substantially impact worker power and quality of life in Minnesota.



To view the full report, scan the QR code, or visit northstarpolicy.org.

QUESTIONS?

CONTACT
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JAKE@NORTHSTARPOLICY.ORG
OR 651-300-9974.



April 3, 2025

Re: HF 107 (Berg) Unemployment insurance eligibility modified under certain conditions for applicants involved in a labor dispute.

Dear Chair Pinto, Chair Baker, and Members of the Workforce, Labor and Economic Development Finance & Policy Committee,

We are writing on behalf of the League of Minnesota Cities, Association of Minnesota Counties, and the Minnesota Inter-County Association to share concerns regarding HF 107. As public employers that have long worked with represented employees through the collective bargaining process to ensure quality public services for Minnesotans, we share the awareness that our public workers are our number one asset. We believe that current unemployment insurance eligibilities balance employer and employee responsibilities and risks at times of labor disputes that could lead to work stoppages. We recommend retaining current law and not adopting HF 107.

Local public employees provide many services that are essential to the public safety and welfare of their residents, including providing clean drinking water, operating wastewater systems, maintaining electrical utilities, operating the state's child protection and social safety net systems, plowing snow to allow emergency vehicles to respond to emergencies, and more. These services are more than just state mandates, they are critical and core functions of government which our residents have come to expect. Under HF107, public employees would not only realize increased incentives for striking, but cities and counties would also have to grapple with the dual impact of increased costs for using other employees to fulfill ongoing obligations, which do not stop at a strike.

It is also important to recognize that most public employers will be directly impacted by having to pay more unemployment benefits. Unlike private employers, most public employers are reimbursement-based employers as it relates to unemployment insurance. Due to their infrequent instances of unemployment, reimbursement employers don't pay into the unemployment insurance program, but in the event they do have a former employee eligible for unemployment benefits they are liable for the full cost of those benefits. This means that if a bargaining unit were to go on strike and the local government temporarily assigned staff to fulfill a public safety need, they would be liable for paying the full unemployment cost for the entire striking unit. Not only would this be costly for taxpayers, and potentially unfeasible due to property tax levy constraints, it would further

imbalance employee-employer relations at the collective bargaining table and limit the ability to utilize funds to settle the negotiation.

We appreciate the opportunity to share our concerns with the author and the Committee. We hope to work with Representative Berg as this bill moves forward to mitigate the concerning impacts this bill would have on local governments.

Sincerely,

Matt Hilgart, Association of Minnesota Counties
Nathan Jesson, Minnesota Inter-County Association
Owen Wirth, League of Minnesota Cities



April 3, 2023

Professional Distinction

Personal Dignity

Patient Advocacy

Co-Chair Pinto and Co-Chair Baker
Minnesota House of Representatives
House Workforce, Labor & Economic Development Finance & Policy Committee
75 Rev. Dr. Martin Luther Dr. Jr. Blvd.
St. Paul, MN 55155

Dear Co-Chairs Baker and Pinto and Members of the Committee,

On behalf of the Minnesota Nurses Association (MNA), I am writing to express our strong support for HF107, which would provide unemployment insurance (UI) eligibility for striking workers. As a labor union representing over 22,000 nurses, many of whom have experienced extended strikes against powerful employers, we know firsthand how critical this legislation is for workers forced to make the difficult decision to strike—often to address unsafe working conditions, patient safety concerns, and fair compensation.

The right to strike is a fundamental part of labor unions’ ability to advocate for better working conditions. However, many workers—especially those from historically marginalized groups, including BIPOC workers and women, who make up the majority of MNA’s membership—cannot afford to exercise this right due to the financial hardship an extended strike would impose. This is especially true for single-income households, where the economic burden of striking can be nearly impossible to overcome. Providing UI benefits to striking workers would level the playing field in negotiations, ensuring that financial insecurity does not force workers to accept unsafe or unfair conditions simply to make ends meet.

A common misconception is that labor unions and employers negotiate on equal footing. The reality is that large corporations and hospital systems hold significant financial and structural advantages. They have the resources to wait out strikes, hire expensive temporary workers, and use economic pressure to weaken worker demands. For example, in 2016, Allina Health spent nearly \$105 million hiring out-of-state temporary nurses rather than negotiating in good faith. Meanwhile, nurses and other workers must choose between fighting for fair treatment and facing immediate financial hardship. UI benefits for striking workers would help correct this imbalance, ensuring that negotiations are based on the merits of workplace conditions rather than a race to economic desperation and encourage fairer bargaining practices while also reducing the reliance on costly replacement labor, ultimately benefiting Minnesota’s healthcare system and patients.

Beyond protecting workers, this legislation is a matter of public health and safety. Nurses and other frontline healthcare workers do not strike lightly;

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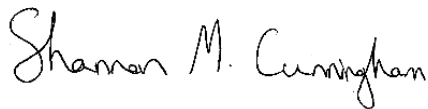
AFL-CIO

when they do, it is often in response to conditions that jeopardize patient care, such as chronic understaffing, unsafe workloads, and inadequate resources. Ensuring UI benefits for striking workers strengthens their ability to fight for a healthcare system that prioritizes patient and worker safety over corporate profits. When healthcare professionals are forced to work under unsafe conditions due to fear of financial ruin, it is not just workers who suffer – patients and communities do as well.

Our state and national economy have long been structured in favor of corporations, including large, tax-exempt health systems that have consolidated control over healthcare delivery. Last session, the Minnesota Legislature took important steps toward rebalancing this economic misalignment by expanding worker protections. HF107 is another crucial step in ensuring that Minnesota workers, especially those in essential fields like healthcare, have the protections they need to advocate for fair treatment and safer conditions for themselves and their patients

Expanding UI benefits to striking workers would provide much-needed security for those making the difficult decision to strike—a decision no worker ever takes lightly. We urge all members of the committee to support this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Shannon M. Cunningham". The signature is written in a cursive, flowing style.

Shannon Cunningham
Director of Governmental and Community Relations
Minnesota Nurses Association



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April 3, 2025

House File 107 (Berg)

Co-Chairs Pinto and Baker, and House Workforce & Labor Committee Members -

The National Federation of Independent Business (NFIB) represents over 10,000 small businesses across Minnesota. Our mission is to promote and protect the rights of our members to own, operate, and grow their businesses.

NFIB strongly opposes HF 107, which will increase unemployment insurance (UI) costs for all employers by making striking workers eligible for unemployment insurance almost immediately. This proposal is fundamentally unfair to small businesses and jeopardizes the financial stability of Minnesota's unemployment insurance system. We urge lawmakers to reject HF 107 for the following reasons:

- 1) **Undermines the Purpose of UI** – The UI system was created to support workers who lose their jobs through no fault of their own. Minnesota's current UI program already covers striking workers who are engaged in labor disputes over health and safety violations. However, workers who voluntarily walk off the jobs over other disputes are not – and should not be – eligible for UI benefits. Expanding eligibility contradicts the system's core mission.
- 2) **Unfairly Burdens Small Businesses** – The UI system is funded entirely by employers, yet this bill forces businesses to shoulder the cost of benefits for striking workers. Small businesses affected by strikes would face increased UI taxes to cover benefits for employees who choose to engage in a strike. Additionally, all small businesses – regardless of their involvement in a labor dispute – would be forced to absorb the financial burden of these expanded benefits. Small businesses have already seen their UI payroll tax increase over the last year – with an additional assessment of 5% placed on employers due to a projected shortfall in the UI Trust Fund. Now is not the time to further increase these costs.
- 3) **Experiences in Other States** – Multiple states, including California, have rejected similar proposals in recent years. Governor Gavin Newsom vetoed a comparable measure in 2023, citing concerns over its negative impact on the state's UI Trust Fund. Minnesota should learn from these examples and avoid an unsustainable expansion of benefits.

HF 107 runs counter to sound financial policy and long-standing UI principles. We strongly urge the committee to reject this legislation to protect small businesses and ensure the long-term stability of Minnesota's unemployment insurance system.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Boesche', with a stylized, cursive script.

Jon Boesche
Minnesota State Director
National Federation of Independent Business
jonathan.boesche@nfib.org



April 3, 2025

Dear Members of the House Workforce, Labor, and Economic Development Finance and Policy Committee:

On behalf of the Minnesota Chamber of Commerce, a statewide business organization representing more than 6,300 businesses and more than half a million employees throughout Minnesota, thank you for the opportunity to share our opposition to HF 107 (Rep. Berg), legislation seeking to change existing unemployment law so that striking workers would no longer be automatically ineligible for unemployment benefits during a labor dispute.

The state's Unemployment Insurance (UI) program should be a partnership with employers. Employers in Minnesota always have and always will subsidize the UI system; and when workers tap into the UI system, employers are penalized through higher experience ratings and payroll taxes. This demonstrates the long-standing commitment of – and consistent cost burden to – Minnesota's business community in maintaining a strong unemployment insurance safety net over time.

Current unemployment law is sufficient to address the various circumstances and allowances for certain striking workers to be eligible for UI benefits, when appropriate. Deviating from this careful balance risks undermining the UI system's core "no fault" principle and expanding the UI program without sufficient cost analysis risks the integrity of the program itself.

Furthermore, as the Department of Employment and Economic Development shared earlier this session, despite macro-economic trends of low unemployment rates and decreasing experience ratings, benefit payments and broad-based usage in UI is increasing dramatically - putting so much pressure on our UI Trust Fund last year that employers received a shocking UI payroll tax rate notice in late December indicating an immediate double digit percentage increase in base rates PLUS an additional 5% assessment.

Now is not the time to add unvetted UI costs and liabilities on Minnesota's employers. As it stands already, the cost of doing business in the state increased significantly as a result of the 2023-2024 legislative biennium. After a record-setting number of new labor mandates, workplace restrictions, and business taxes, employers are very concerned about any additional policy proposals that further impede their ability to succeed and grow in Minnesota.

The Minnesota Chamber believes that balanced employment-related policy benefits both employers and workers as well as taxpayers while enabling our economy to grow. It is for these reasons that the Chamber encourages members to oppose HF 107.

Thank you for the opportunity to share this perspective with the Committee.

Lauryn Schothorst

Director, Workplace Management and Workforce Development Policy