GAME CHANGERS
Economic Policies for a Working America

POLICY BRIEF

SOLIDARITY INSURANCE:
Reimagining Unemployment Insurance as a Platform for Worker Power

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The Problem and Past Failures

Right now, many workers who try to form a union or work with their coworkers to improve working conditions face the risk of retaliation from their bosses thanks to toothless labor laws and the American system of at-will employment. In recent polling perhaps half of all non-union workers say that they would join a union if it were available to them, yet the union membership rate remains at just 10% despite this interest. Looking to the future, many American workers face the threat of AI-based job displacement and the reality of eroded working conditions without a real voice on the job and with an increasingly threadbare safety net.

Workers' lack of organized voice on the job stems directly from the failure of the federal government to update our nation's labor laws in the face of aggressive employer opposition to union drives and an increasingly challenging economic environment for organizing. This includes a failure to act among both Republican and Democratic administrations alike.

Game Changer: Solidarity Insurance

Solidarity Insurance could play a big role in increasing the ability of workers to get their fair share. The core intuition is that a reformed UI system–what I dub solidarity insurance–would build worker power through two pathways.

First, a reformed UI system would better buffer the risks of job loss that American workers face when they try to exercise their legal rights to collective action in the workplace. Right now, many workers who try to form a union or work with their coworkers to improve working conditions face the risk of retaliation from their bosses thanks to toothless labor laws and the American system of at-will employment. Reforming labor law to better protect workers from unjust discipline or dismissal is essential. But the safe-

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ty net, and especially the UI system, can also protect workers' labor rights. By making UI benefits more generous and easier to access for workers who go on strike or protest, are fired for attempting to undertake collective actions with their coworkers, or quit their jobs because of workplace rights violations, policymakers can better buffer the economic costs of job loss, thus supporting worker organizing.

In addition to buffering the risks of collective action and exercising labor rights, a reformed UI system would also create stronger bridges between workers and labor organizations (including unions and worker centers). Policymakers can create these bridges by building worker organizations into the administration of the safety net, including UI administration. Policymakers can tap worker organizations to serve as navigators to help connect workers with the benefits and services for which they qualify. Labor groups would receive government funds to meet with workers to discuss workers' eligibility for UI benefits (and other safety net programs) and can use those conversations to ensure workers are aware of their labor rights and opportunities for organizing. Worker organizations could even directly provide benefits and services to workers on behalf of the government, for instance, paying out UI benefits, running training programs, and providing job search assistance. The experience of Northern European countries where unions are formally involved in administering UI benefits (known as "Ghent systems") demonstrates how this strategy can build stronger labor movements

The Policy Agenda for Solidarity Insurance

Achieving the Solidarity Insurance vision would ideally involve national legislation advancing the following goals:

- Creating a national system of benefits, rather than relying on a patchwork system of states to administer benefits
- Providing an additional layer of AI displacement benefits, funded through taxes on AI platforms
- Permitting worker organizations to administer UI funds, as in Ghent countries, as well as operating retraining and job search assistance services for workers
- Funding worker organizations to conduct outreach and navigation assistance for unemployed workers to ensure that workers and their families receive all supports to which they are eligible and are aware of their labor rights
- Increasing the duration and generosity of benefits to ensure replacement of 60% of workers' prior wages for at least six months; building automatic increases in UI benefit duration and generosity during economic downturns
- Expanding eligibility for benefits to more workers, especially workers who are independent contractors, part-time or seasonal workers, new labor market entrants or reentrants, or undocumented workers
- Expanding eligibility for benefits to workers who go on strike or engage in protests of their employers
- Expanding presumptive eligibility for benefits to workers who quit their jobs due to violations of their labor rights or substantial degradation of working conditions (including due to AI-related degradation)

Using Executive Authority to Implement Reforms to the Unemployment Insurance System

In the absence of opportunities to pass new legislation, a pro-worker future presidential administration could use executive authority to implement the following reforms to UI to build a foundation for future legislative reform. Using executive authority vested in the U.S. Department of Labor, a future administration could undertake the following reforms:

- Interpreting the Social Security Act to permit states to delegate UI administration to unions and other worker organizations, as in Ghent countries
- Interpreting the Social Security Act to require states to meet minimum UI recipiency and replacement rate targets as a condition of UI program management
- Funding worker organizations to conduct outreach and navigation assistance for unemployed workers to ensure that workers and their families receive all supports to which they are eligible
- Developing and promoting model legislation for state-level reform of the UI system that could achieve the goals described above (e.g., strike benefits, expanding eligibility for quits)

Estimated Costs and Financing

Fiscal costs for a solidarity insurance approach to UI reform would involve two primary expenses: (1) providing grants and contracts for worker organizations to help workers access UI benefits and other labor market services and (2) expanding access to, and benefits level for, UI benefits.

Both of these costs could be funded through modest increases in employer payroll taxes for UI benefits, which have stagnated since the 1980s. Increased employer contributions could also be supplemented with new earmarked worker contributions dedicated to boosting worker benefits (so as to address the concern that workers would be paying into a broken system).

While the exact costs would depend on the mix of reforms pursued by policymakers, estimates of similar reforms suggest that they might increase average employer payroll costs from around 0.6% of total wages to around 2% of total wages during expansionary periods.

*For more information on this topic, including the **Background Paper**, please visit our policy page.*

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