

**UNEMPLOYMENT INSURANCE: FINANCIAL CONDITION
AND OPTIONS FOR CHANGE**

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PREFACE

Recent prolonged high unemployment has strained the ability of the Unemployment Insurance (UI) system to provide benefits. This paper, prepared at the request of the Senate Budget Committee, describes the operation of the present UI system, analyzes its financial history since 1970, and presents outlay and revenue projections through 1988. In addition, it examines options to improve the financial stability of the system and to use UI more aggressively to help unemployed workers find jobs.

This study was written by Bruce Vavrichek of the Congressional Budget Office's Human Resources and Community Development Division, under the direction of Nancy M. Gordon and Martin D. Levine. Many persons provided valuable technical and critical contributions, including Richard A. Hobbie, Richard Hendrix, Joseph Hight, Mike Miller, James Van Erden, and Wayne Vroman. Francis Pierce edited the manuscript. Ronald Moore typed the several drafts and prepared the paper for publication.

In accordance with CBO's mandate to provide objective and impartial analysis, this paper contains no recommendations.

Alice M. Rivlin
Director

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