Watch Out For: Eligibility Rules that Discriminate Against Workers Employed by the Temporary Help Industry

Over the last 30 years, the temporary-services industry has grown tremendously, from 247,000 in 1973 to a peak of 2.7 million employees in 2000, and has increased its share of the total workforce from one-third of one percent to two percent.

A number of states, usually with little or no public scrutiny, have adopted strict eligibility requirements that limit access to UI for persons employed by temp agencies. Under these policies, only those temp workers who can prove that they have repeatedly "reported in" for a new assignment will be eligible for UI; otherwise the workers are considered either to have voluntarily quit their jobs, or refused suitable work. States should avoid this special treatment for employers who are temp agencies; it undermines the purposes of UI, disadvantages temp workers, and interferes with workers' efforts to seek better, long-term employment.

For most full-time workers, when a job ends, the worker is considered "unemployed." In order to receive UI, the worker must be available for new work and actively search for employment. Temporary workers should be subject to the same standards. In states that have adopted special temp rules, however, temp workers are subject to different standards and are caught in a "gotcha!" situation. They are forced to continue reapplying for work with the same agency that happened to refer them to their last job, even though they have been laid off and may have no hope of future work with the temp agency. The policies mean that state administrative resources are also spent on determining whether a telephone call was made on a weekly basis to a temporary agency, rather than on substantive issues. These policies serve more to protect the temp industry from fully participating in the cost of unemployment insurance than to connect the temp worker to future employment.

Eighteen states enacted this type of restriction on UI benefits for employees of temp agencies although legislation has been introduced in at least two of these states – Michigan and Rhode Island – to repeal the law. California enacted this type of restriction administratively for a period of time but has since rescinded the policy. Some other states, including Illinois, Maryland, New Jersey, and Ohio, have passed a modified version of the temp agency law.

State Choices

18 states have UI restrictions for temp agency workers

Arkansas
Colorado
Connecticut
Delaware
Florida
Georgia
Idaho
Iowa
Kansas
Massachusetts
Michigan
Minnesota
Nebraska
New Mexico
North Dakota
Oklahoma
Rhode Island
Texas