The Enlightenment of American Unemployment Insurance System to China

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Abstract. Unemployment insurance system has played an irreplaceable role in stabilizing the society since it was established in 1986, rallying the people, creating a good development environment, and promoting institutional reform and economic as well as social development. However, the rapid development of the market economy and the historical shortcomings of China's unemployment insurance system, this system needs to be improved. This paper analyzes the unemployment insurance system and successful experience in the United States, and combines the status quo and problems of China's unemployment insurance system, and proposes to improve China's unemployment protection system. It includes six suggestions, such as improving the legal system, strictly examining and verifying the eligibility for receiving unemployment insurance, standardizing the period of receiving unemployment insurance, flexibly collecting insurance premiums, improving supervision and management, and promoting the re-employment of the unemployed, so as to improve the unemployment insurance system in China.

Keywords: Unemployment insurance, Unemployment rate, Qualification review, Allowance subsidy.

1. The Status of Unemployment Insurance in China and the USA

1.1 Laws and Regulations on Unemployment Insurance

With regard to unemployment insurance, the United States has Amendments to the Employment Security Amendment, the Unemployment Compensation Amendment and the Federal Unemployment Tax Act, and the states have their own Unemployment Insurance Act applicable to the state. China’s unemployment insurance only has the Unemployment Insurance Regulations.

1.2 Conditions for Payment of Unemployment Insurance Benefits

1.2.1 Relevant Laws and Regulations of China and the United States

The law stipulates that the unemployed person receives insurance premiums on the premise that the unemployed are engaged in occupations that are legal before they are unemployed, have certain working ability and have the willingness to participate in work. The unemployed need to go to the employment agency to fill out the claim form and take the initiative to register the employment, proving that they have the ability to work mentally and physically, and actively seeking re-employment during the collection period.

1.2.2 There is a Bound in Wage Levels and Working Hours

In terms of working hours, there are 18 states that the unemployed are employed for at least 15 to 20 weeks in the year before applying for the allowance. In terms of income level, they need to reach 30 times the weekly payment or the average salary.

1.2.3 Regarding the Waiting Period.

Most states require unemployed people to be unemployed for a week before they can receive insurance benefits for staff verification, thereby limiting short-term claims and reducing management costs. If the job is found within the specified time, the insurance premium for the waiting period will be refunded.
1.2.4 Reasons for Refusing to Apply for Unemployment Insurance.

If the employee is fired due to personal negligence (such as a gross negligence or wrongful act, resigning due to unjustified reasons or a labor dispute, not actively taking action to apply for a job, deliberately concealing the situation or falsely reporting the facts) will not be entitled to unemployment insurance benefits. While China's conditions for receiving unemployment insurance are relatively simple. The conditions for claiming in China are relatively loose, one is that the employer of the insurance employee must pay for one year, the other is that the employee is not willing to interrupt the employment, and the third is the intention to register for unemployment and actively seek re-employment.

1.3 Payment of Unemployment Insurance Benefits

The US unemployment insurance payment period is about 26 weeks. Other assisted employment funds and projects are more than China’s. The medical subsidies and vocational training and job introduction subsidies during the period of receiving unemployment benefits are mainly employment-oriented. The time limit for the payment of unemployment insurance in China is linked to the time of payment. The longer the basic payment time, the longer the time will be, and the maximum amount of insurance will be 24 months.

1.4 Management of Unemployment Insurance Benefits

The US fund management is relatively specialized, and a special social insurance institution is set up. The Federal Labor Department is responsible for overall supervision. The Ministry of Human Resources Management has its own Office of Unemployment Insurance to manage the national business, and the State Department of Employment Security manages unemployment insurance. The specific business is managed by local employment agencies. China's overall planning level is at the city level, and there are thousands of coordinating units across the country. The management is scattered in terms of overall planning, the fund management is not uniform, and the degree of supervision is not high.

2. Analysis of the Advantages of the US Unemployment Insurance System

2.1 Strict Qualification Review System

In addition to personal reasons such as working hours and motivation, and in the sample survey of reasons for refusing unemployment benefits, 49.6% were dissatisfied with employment experience and 28.2% were voluntarily resigned, which was unsuitable for work and not actively seeking 7.2% of the work was refused payment, which shows that the qualifications are strict.

2.2 Differential Tax Rate Effectively Reduce Unemployment Rate

The United States implements a federal and state-level legislative system. The federal unemployment tax allows employers to enjoy tax rate deductions at a flat rate. The main burden on employers is the state unemployment tax. Unemployment insurance rates in the US states are determined by the number of layoffs by employers, and are based on the number of employees who have received unemployment insurance benefits before layoffs.

2.3 Subsidies Encourage Re-employment

The United States provides reemployment services, job search subsidies, moving allowances, and employment training subsidies. The program can subsidize reduced income, and 18 states have established this subsidy to help employers retain employees who need to be dismissed and avoid an increase in the unemployment tax rate for dismissal of employees. When the economic situation is unsatisfactory and workers need to be dismissed, they can use this subsidy to temporarily tide over the difficulties and retain the employees' jobs.
2.4 Employment Services Prevent Unemployment Again after Being Employment

Individuals with low job-seeking skills, provide vocational skills training to provide free two-way channels for the unemployed and employers, including career information, career prospects and other components. The “one-stop” employment service center also provides work placement subsidies and personal career development plans. In order to improve the efficiency of job hunting, it also provides guidance for job-seeking training for the unemployed. These attention-grabbing practices provide the unemployed with more thoughtful services, and the “one-stop” professional service forms an integrated system of unemployment compensation, employment services and employment training.

2.5 Employment Supervision Effectively Avoid Negative Completion

In the United States, in terms of the supervision of the unemployed willingness to re-employ, unemployed people must regularly register for job hunting to track whether they have the will to slack off employment. The payment of unemployment insurance in China is only related to the payment period, so the unemployed have the motivation to slack off their job search. Therefore, it is not only necessary to regulate the job registration during the period of receiving unemployment insurance benefits, but also to link the unemployment insurance benefits to the unemployment rate or re-employment status.

3. The Enlightenment of American Unemployment Insurance System to China

3.1 Accelerating Legislation on Unemployment Insurance

The law is the guarantee for the implementation of the system. However, only the "Unemployment Insurance Regulations" are the basic basis for unemployment insurance in China, and have not yet risen to the height of legislation. The penalties for those who refuse to pay, arrears, misappropriate, or encroach on insurance premiums are weak, which affects the normal implementation of unemployment insurance. China should add special unemployment insurance clauses in the constitution, clarify relevant legal responsibilities and penalties, safeguard the authority of the law and guarantee the true effectiveness of the unemployment insurance law.

3.2 Expanding the Coverage of Unemployment Insurance

At present, the coverage of unemployment insurance in China is insufficient and cannot reflect the fair value of unemployment insurance. Flexible employment and new employment should be included in the unemployment insurance coverage.

3.3 Strict Qualifications

Drawing on the experience of the United States, the conditions for receiving unemployment insurance benefits should be strictly regulated, and an auditing agency should be established. Unemployed persons who leave their jobs without any reason, who are dismissed for negligence or who are not registered in the labor department and do not accept the distribution of the labor department cannot enjoy unemployment insurance. There are clear regulations on working hours, minimum income, waiting period, etc., to solve the problems of hidden employment and flexible employment. The unemployed is urged to enter the unemployment protection system as soon as possible to ensure the safe and healthy operation of the unemployment insurance fund.

3.4 Standardizing the Period of Unemployment Insurance Payment

The US Unemployment Insurance Act stipulates that the maximum time for receiving unemployment insurance benefits is 26 weeks, and the average period of enjoyment is 16 weeks. Compared with the United States, the time limit for unemployed people in China to receive unemployment insurance benefits far exceeds that of the United States. Under the premise of ensuring the basic living of the unemployed, we can appropriately shorten the time limit for unemployed
persons to receive unemployment insurance benefits. It can be considered to shorten from 3 to 24 months as stipulated in the current Regulations to 2 to 12 months.

3.5 Flexible Collection of Unemployment Insurance Premiums

The US unemployment insurance tax rate is designed to be flexible, and the tax rates of different companies and different periods are different, which makes the unemployment insurance fund fully collectable. China can also implement a flexible contribution rate. The determination of the object of charge and the rate must consider the affordability of the state's finances, as well as the affordability of the individual, taking into account the efficiency of the enterprise and the economic level of each place.

3.6 Strengthening the Function of Unemployment Insurance System to Promote Re-employment

In addition to unemployment subsidies, China can also consider incorporating active employment promotion measures into the unemployment insurance system to effectively play the role of the unemployment insurance system. China could adjust the unemployment insurance payment period, the shorter the unemployment period, the higher the amount of payment, and encourage early employment; suppress dismissal, and limit the layoffs by increasing the amount of unemployment insurance paid by the employer. Besides, carrying out vocational skills training timely and effectively enable the unemployed to master a skill and enhance their employment competitiveness. In the end, the unemployed are supposed to given full play to the role of employment agencies, and provided timely as well as accurate employment information through computer networks to promote their re-employment.

References


