



# Equity, Unemployment Taxes, and the Road to Recovery

June 25, 2021



# About NELP



**NELP provides legal expertise, research and policy analysis, and communications and coalition-building support to labor and worker organizations, policy makers, and economic justice advocates around the nation to improve labor standards and access to good jobs for working people.**

**NELP has advocated in partnership with working people to defend their **rights**, to establish **new protections**, and to build **collective power**.**







# Importance of Equity in Unemployment Insurance



# Key Racial Equity Implications

- **Structure can exacerbate existing inequities:** The current UI financing system can incentivize employers to make UI harder to access. This disproportionately hails on marginalized workers, especially BIPOC.
- **Higher unemployment rates for Black workers:** Hiring discrimination rates have remained unchanged for 25 years. Unemployment rate for Black workers across almost every level of education has remained double that of white workers for nearly 40 years.
- **Lower UI benefit for Black and other workers of color**
- **Racial wealth gap:** Being able to wait for UI benefits is a luxury afforded to only to those with savings and wealth.
- **Racial wage gap:** Lower earnings means smaller UI benefits.
- **Digital and mobile divide:** UI websites and applications that are not mobile-responsive place a disproportionate burden on workers of color
- 25% of Latinx adults and 23% of Black adults are entirely smartphone dependent and don't use broadband at home, versus only 12% of white adults
- **Biased algorithms:** Can introduce new forms of bias and harm.

# Key Racial Equity Implications

## Accessibility: Unidos Latino Polling

### Reasons Did Not Apply for Unemployment

(What are the reasons that you did not apply for unemployment benefits [as many as apply]. Percent yes responses illustrated.)



Source: UNIDOSUS Survey July 14-24, 2020 (Total N=1,200) Per State N=400 +/- 4.9%

# Inequity in Unemployment Insurance

## Continued claims by ethnicity:

<b>Ethnicity</b>	<b>Regular UI</b>	<b>Extensions</b>	<b>PUA</b>
Hispanic or Latino	20.64%	20.45%	23.99%
Not Hispanic or Latino	79.36%	79.55%	76.01%

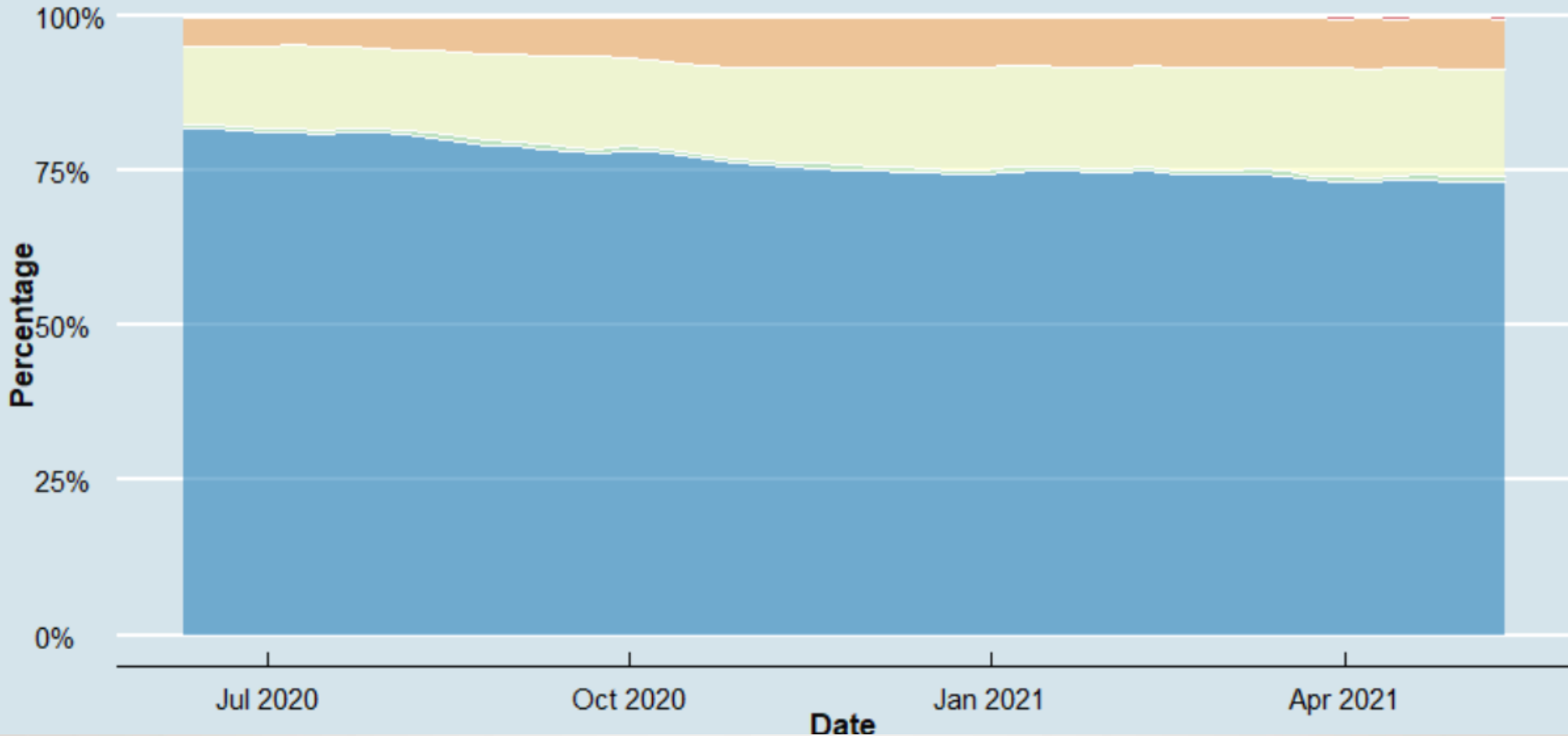
## Continued claims by race:

<b>Race</b>	<b>Regular UI</b>	<b>Extensions</b>	<b>PUA</b>
American Indian	0.54%	0.48%	1.01%
Asian	6.35%	8.13%	6.37%
Black or African American	15.84%	17.41%	18.59%
Native Hawaiian or Pacific Islander	0.79%	0.81%	0.65%
white	76.47%	73.17%	73.38%

# Inequity in Unemployment Insurance

## Race for long term unemployed claimants

American Indian Asian Black or African American Native Hawaiian or Pacific Islander white







# Centering Equity in UI Finance



# Recommended Finance Reform

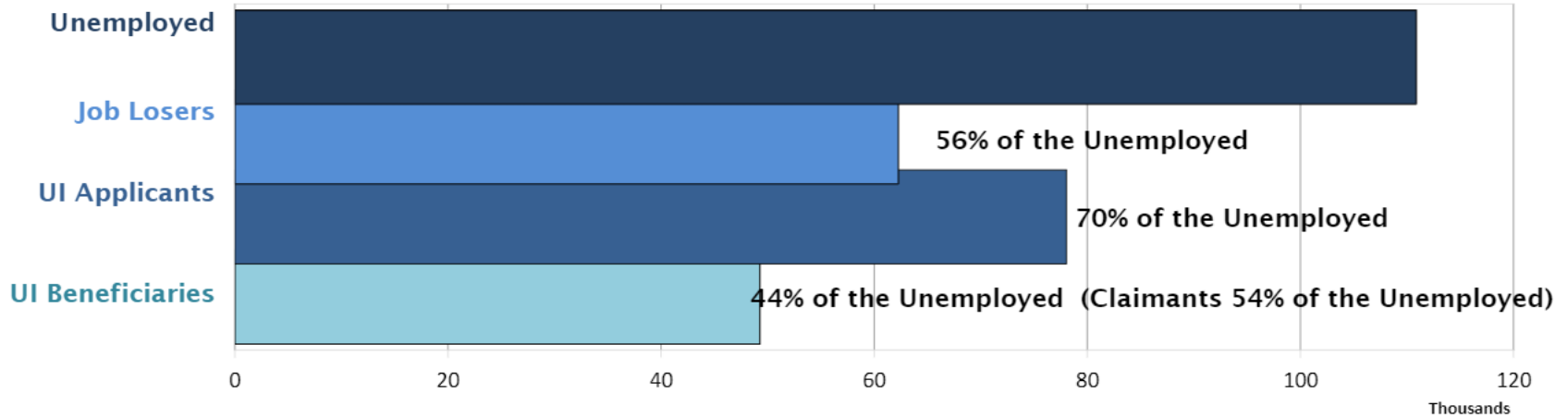


- Federal Financing
- Taxable Wage Base
- Tax Rate
- **Classification of Workers:**  
Require states to implement “ABC” tests that prevent employers from circumventing taxes by reclassifying employees as contractors, and require large businesses that use a lot of contractors to pay unemployment insurance tax on their contractors.

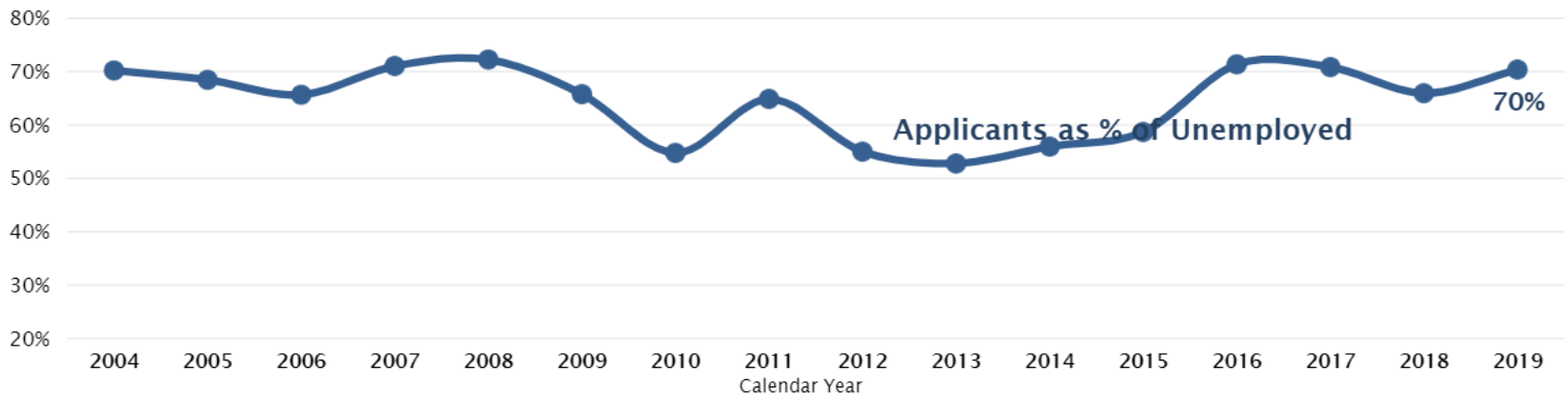
# Massachusetts UI Reciprocity Rates

## Application and Reciprocity

### 11) Application and Receipt of UI Benefits as a Proportion of the Unemployed



### 12) State Historical Application Rate\*



\* Includes only Regular State UI program claims. Excludes Extended Benefits and Emergency Unemployment Compensation.

# Key Racial Equity Implications

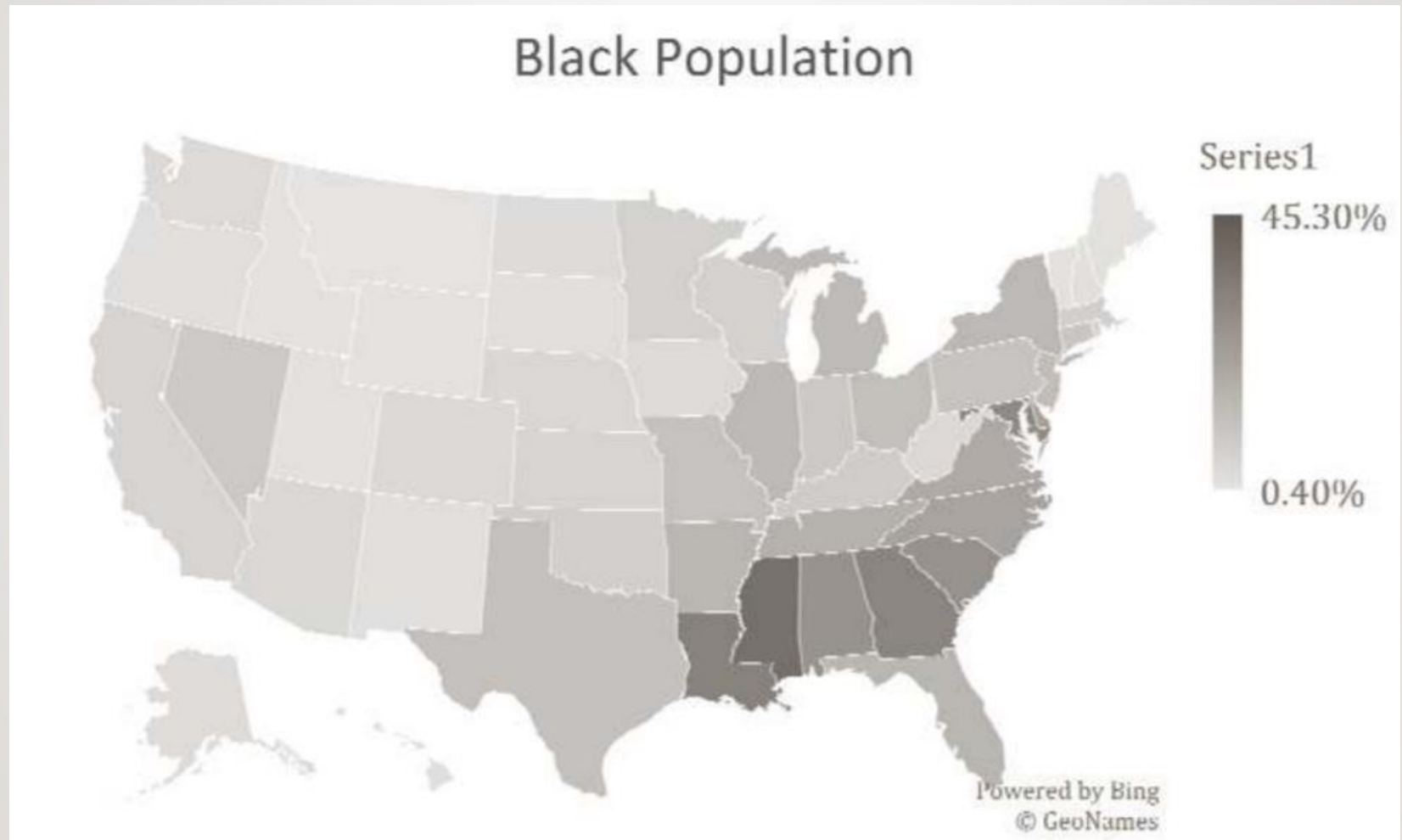




# Key Racial Equity Implications



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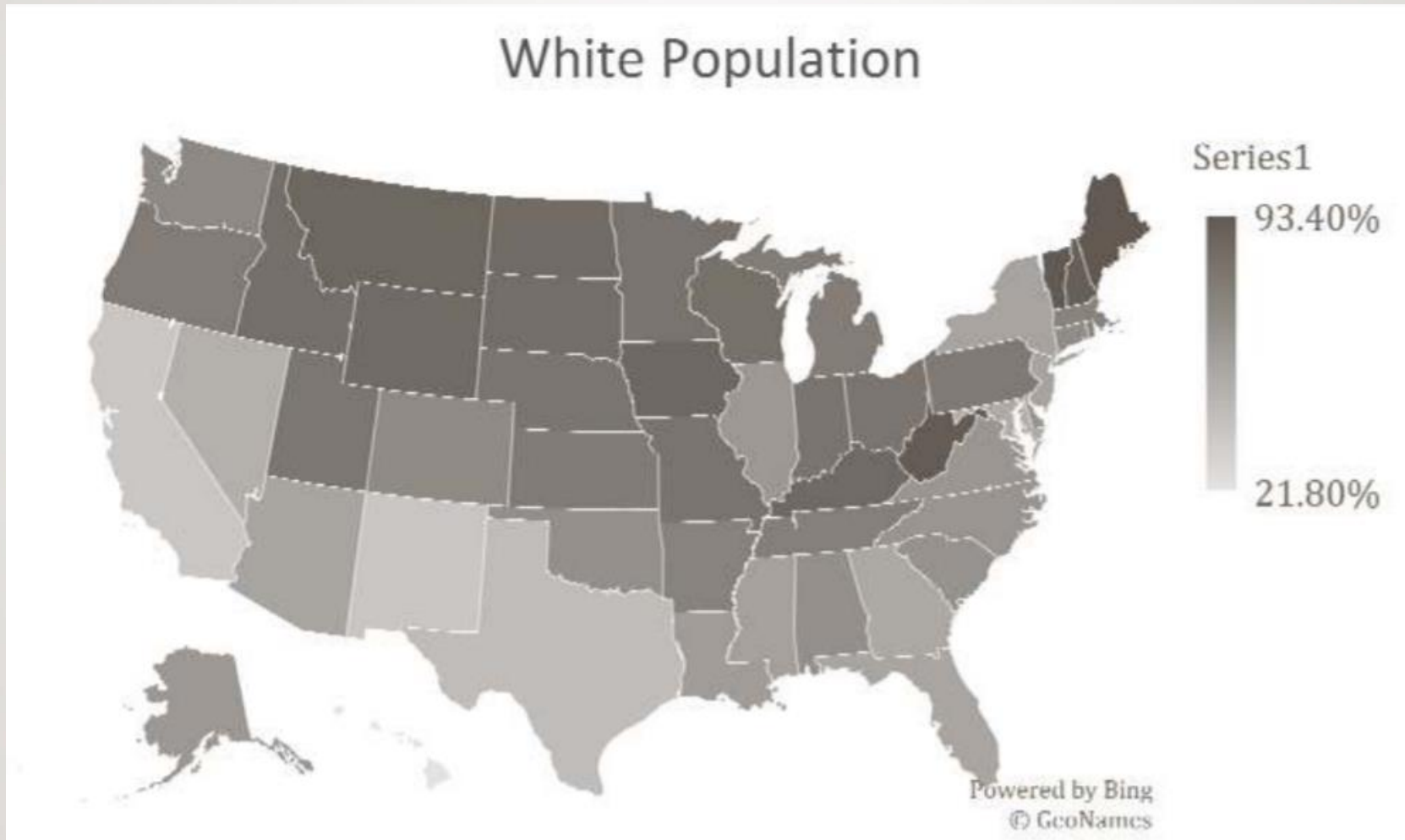


# Key Racial Equity Implications





# Key Racial Equity Implications



# Resources

- Unemployment Insurance Reform Report:  
<https://www.nelp.org/publication/reforming-unemployment-insurance-stabilizing-a-system-in-crisis-and-laying-the-foundation-for-equity/>
- US DOL 2020 UI State Laws:  
<https://oui.doleta.gov/unemploy/pdf/uilawcompar/2020/complete.pdf>
- EPI State Race and Ethnicity Unemployment Rate Data:  
<https://www.epi.org/indicators/state-unemployment-race-ethnicity/>

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