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FOR EMPLOYMENT RESEARCH

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Equity in Unemployment Insurance Benefit Access

Christopher J. O'Leary
W.E. Upjohn Insitute for Employment Research, oleary@upjohn.org

William E. Spriggs
Howard University

Stephen A. Wandner
National Academy of Social Insurance

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Authors

Christopher J. O'Leary, *W.E. Upjohn Insitute for Employment Research*
William E. Spriggs, *Howard University*
Stephen A. Wandner, *National Academy of Social Insurance*

Upjohn Author(s) ORCID Identifier

ⓘD https://orcid.org/0000-0002-3372-7527

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Christopher J. O'Leary
W.E. Upjohn Institute for Employment Research
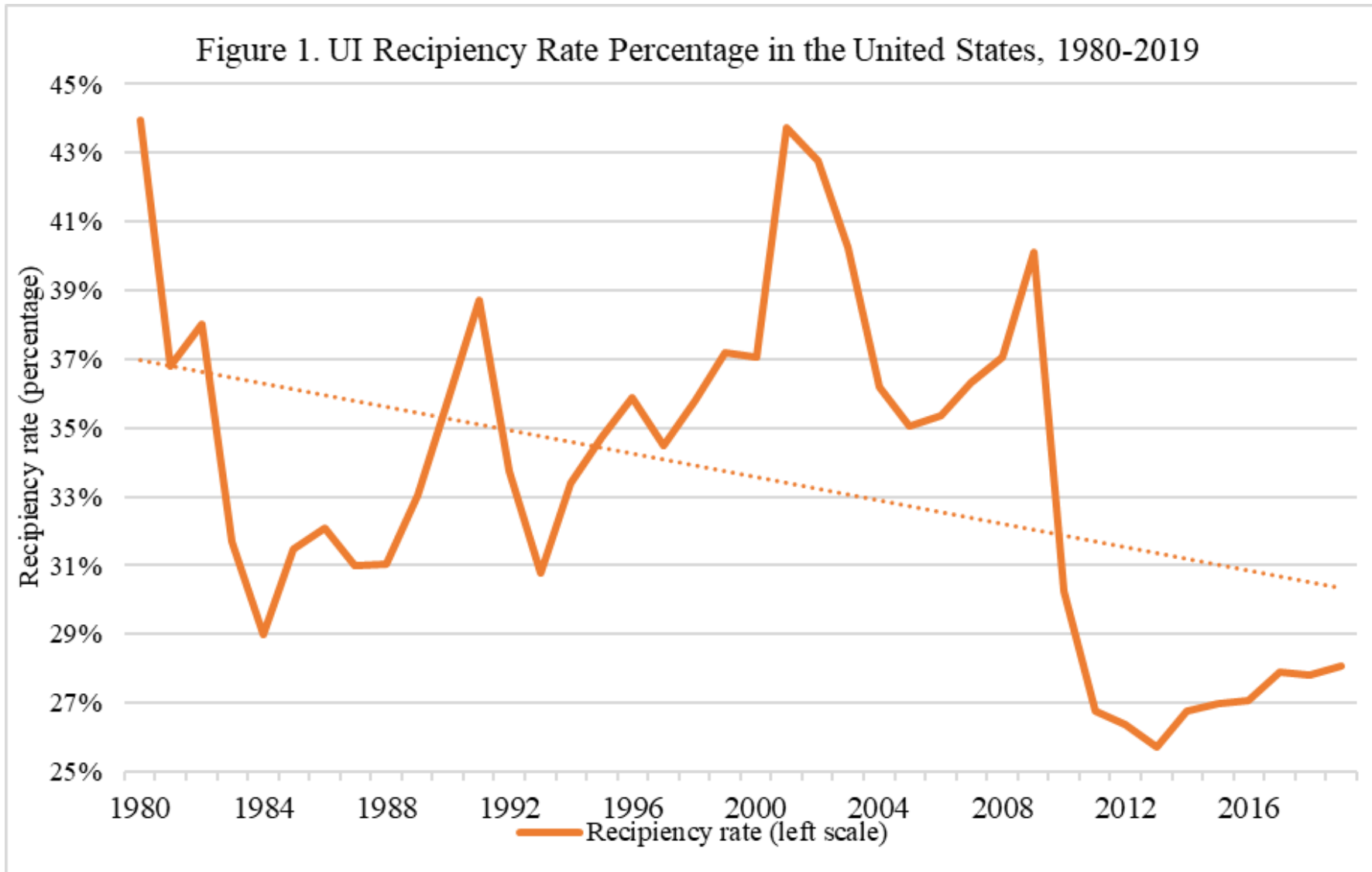
William E. Spriggs
Howard University

Stephen A. Wandner
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Outline

- The unemployment insurance (UI) recipiency rate is the proportion of unemployed receiving benefits.
- The average recipiency rate across states has been declining recently
  - The decline is particularly by some states
  - Disproportionately affecting certain groups
- State-year survey and program administrative data
- Model: UI recipiency against demo group share of unemployed
- Models: Demo group shares of UI receipt share unemployed
- Related research on Black UI recipiency
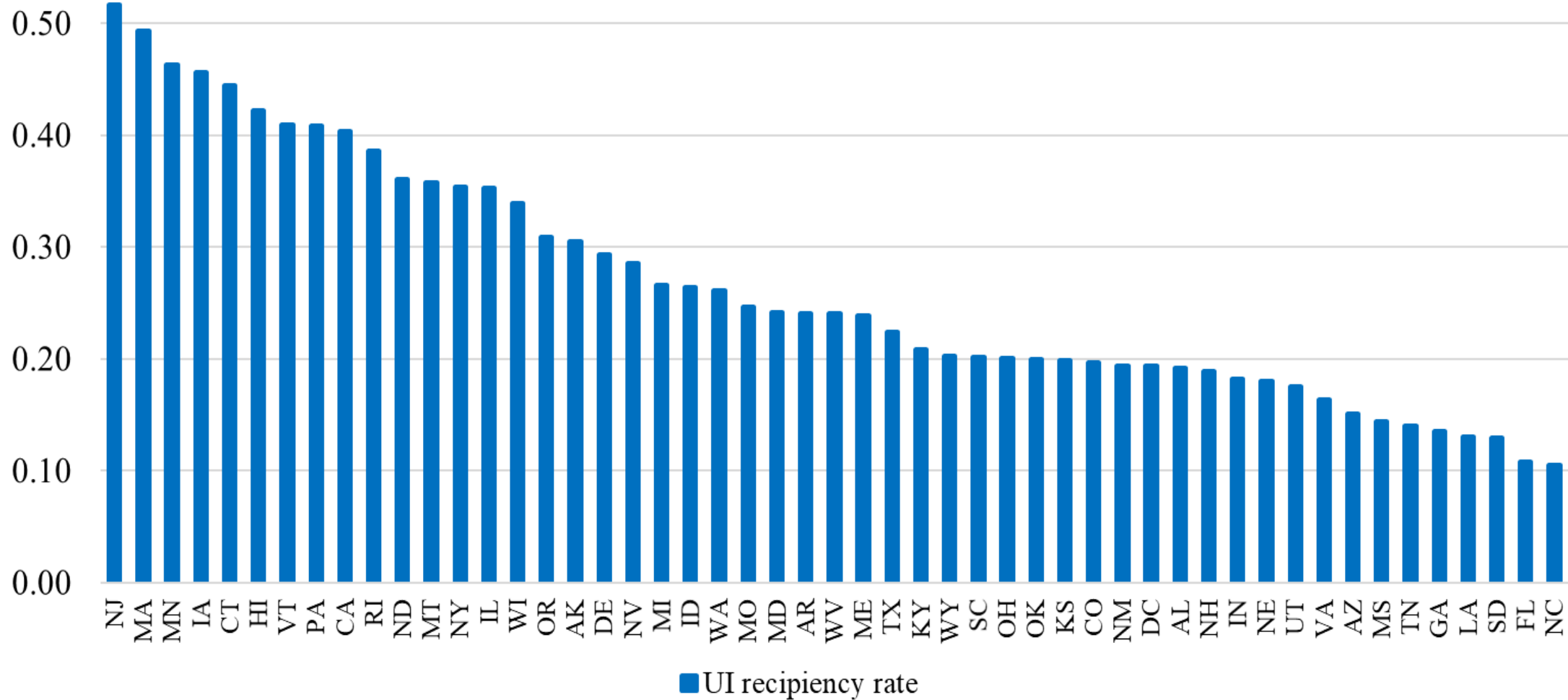- Policies to improve UI recipiency rates by demographic groups

First Footnote

[1] Equity is a fundamental principle that social insurance should maintain and reinforce. This paper is an attempt to objectively assess equity of access to UI by demographic subgroups as a basis to improve program performance. We aim to use wording that respects all groups defined by gender, race, ethnicity, and age while maintaining clarity of meaning and concise expression. The data we use were compiled by the U.S. Department of Labor and the Bureau of Labor Statistics and span the period 1992–2019, when pronouns and subgroup names were changing and not well defined or measured at times. Without intending disrespect for any subgroup measured or not measured in the data, we adopt the following subgroup naming conventions. Available data on gender are binary so we use male and female groups. To have adequate sample sizes for race subgroups we use Blacks for all African Americans; AAPI for all Asian American, Pacific Islander, and Hawaii Natives; Native Americans for all Native Americans, American Indians, and Alaska Natives; and Whites for all Caucasians. We use Hispanics as the group name including all Latinx persons. Age groups are defined by ranges of years attained.

Figure 1. UI Recipiency Rate Percentage in the United States, 1980-2019

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Figure 2. UI Recipiency Rate by State, 2019

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Survey and Administrative Data

- BLS LAUS data on annual averages of monthly values by state
  - By group: unemployment, population, employment, LF, LFPR
- ETA 203 data characteristics of UI recipients—state reports
  - Age, gender 1992-2019 complete for most states by year
    - 1,428 possible observations
    - 1,416 with state item response greater than 75 percent in 6+ months/yr
  - Race, ethnicity 2001-2019 low item response out of 969 potential
    - Race 799 observations (CA 0, CT 5, NM 2, OR 4, TX 0, VT 0, WA 0)
    - Ethnicity 852 observations (KS 1, KY 7, VT 0, WA 3)
- State unemployment rates (LAUS)
- Average monthly UI claim UI rates (ETA/LAUS) (claims/unempl)

Table 2 Characteristic Shares of UI Recipients from ETA 203 and Unemployed from CPS With Sample Sizes Unrestricted and Restricted to ETA 203 Data Availability

	UI recipients (ETA 203)	Unemployed (CPS-unrestricted)	Unemployed (CPS-restricted)	t-stat 203 v restricted
Gender (n = 1,416)				
Male	0.581	0.548	0.548	24.09
Female	0.419	0.452	0.452	-24.09
Race (n = 799):				
Native American	0.030	0.033	0.035	-3.84
AAPI	0.038	0.036	0.039	-1.75
Black	0.204	0.190	0.203	0.42
White	0.729	0.741	0.723	2.66
Ethnicity (n = 852):				
Hispanic	0.114	0.112	0.130	-12.25
Not Hispanic	0.886		0.870	12.25
Age (n = 1,416):				
Less than 22	0.030	0.231	0.231	-139.32
22 – 24	0.054	0.098	0.098	-67.81
25 -34	0.247	0.227	0.227	18.38
35 -44	0.258	0.183	0.182	79.90
45 – 54	0.229	0.145	0.146	96.24
55 – 59	0.088	0.053	0.053	54.51
60 – 64	0.057	0.033	0.034	48.53
65 and older	0.037	0.029	0.029	14.71

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Recipiency Across States over Time

- Model of Recipiency, pooled state-year panel data

$$(1)\ R_{st} = \alpha + \Gamma U + \Lambda X^0 + \beta_1 S + \beta_2 T + e_{st}$$

- R state UI recipiency rate from USDOL published data
- U a matrix of shares of the unemployed by demographic group
- X^0 controls: industry shares of unemployment, state
  unemployment rate, UI application rate (applications/unemployed)
- S and T state and year indicators for fixed effects
- e_{st} uncorrelated with predictors, cluster on state for inference

UI Recipiency Model Parameters of Interest

Variable Description	Variable mean	Population Controls Parameter Estimate	t-statistic (robust se)
Intercept (Dep Variable Mean)	0.331	0.331	
Characteristics of Unemployed:			
Male	0.548	0.032	1.93
Female	0.452	-0.039	-1.93
Race			
Native American	0.033	-0.084	-0.88
AAPI	0.036	0.051	0.95
Black	0.190	-0.087	-2.47
White	0.741	0.024	2.48
Ethnicity			
Hispanic	0.112	-0.001	-0.02
Not Hispanic	0.888	0.000	0.02
Age			
Age less than 22	0.231	-0.097	-3.40
Age 22-24	0.098	-0.032	-0.74
Age 25-34	0.227	0.035	1.35
Age 35-44	0.183	0.088	3.21
Age 45-54	0.145	0.063	1.38
Age 55-59	0.053	-0.047	-0.70
Age 60-64	0.033	0.023	0.26
Age 65+	0.029	-0.202	-2.05

Demographic Shares of Recipients

- Models of UI beneficiary group shares LHS ETA 203 data:

$$(2)\ Y^i_{st} = \alpha + \Delta U + \Theta X^1 + \beta 1 S + \beta 2 T + e^i_{st}$$

- U a matrix of shares of the unemployed by demographic group

- X^1 controls: industry shares of unemployment, state unemployment rate, UI application rate (applications/unemployed)

- S and T are state and year indicators for fixed effects

- e^i_{st} uncorrelated with predictors, cluster on state for inference

Characteristic Groups	Proportion in ETA 203 Data	Parameter estimate	Robust std errors	t-statistic (robust se)
Male	0.581	0.026	0.010	2.64
Female	0.419	0.031	0.012	2.64
Native American	0.030	0.066	0.025	2.69
AAPI	0.038	0.022	0.046	0.47
Black	0.204	0.058	0.031	1.87
White	0.729	0.005	0.010	0.52
Hispanic	0.114	0.068	0.037	1.82
Not Hispanic	0.886	0.010	0.006	1.82
Age less than 22	0.030	-0.002	0.011	-0.19
Age 22-24	0.054	0.025	0.012	2.07
Age 25-34	0.247	-0.011	0.027	-0.43
Age 35-44	0.258	0.002	0.018	0.10
Age 45-54	0.229	-0.024	0.027	-0.87
Age 55-59	0.088	-0.007	0.031	-0.21
Age 60-64	0.057	-0.013	0.033	-0.40
Age 65+	0.037	0.067	0.064	1.05

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Figure 5. Average Adusted State UI Recipiency Rates, 1992-2019 from State Fixed Effects Model Estimates
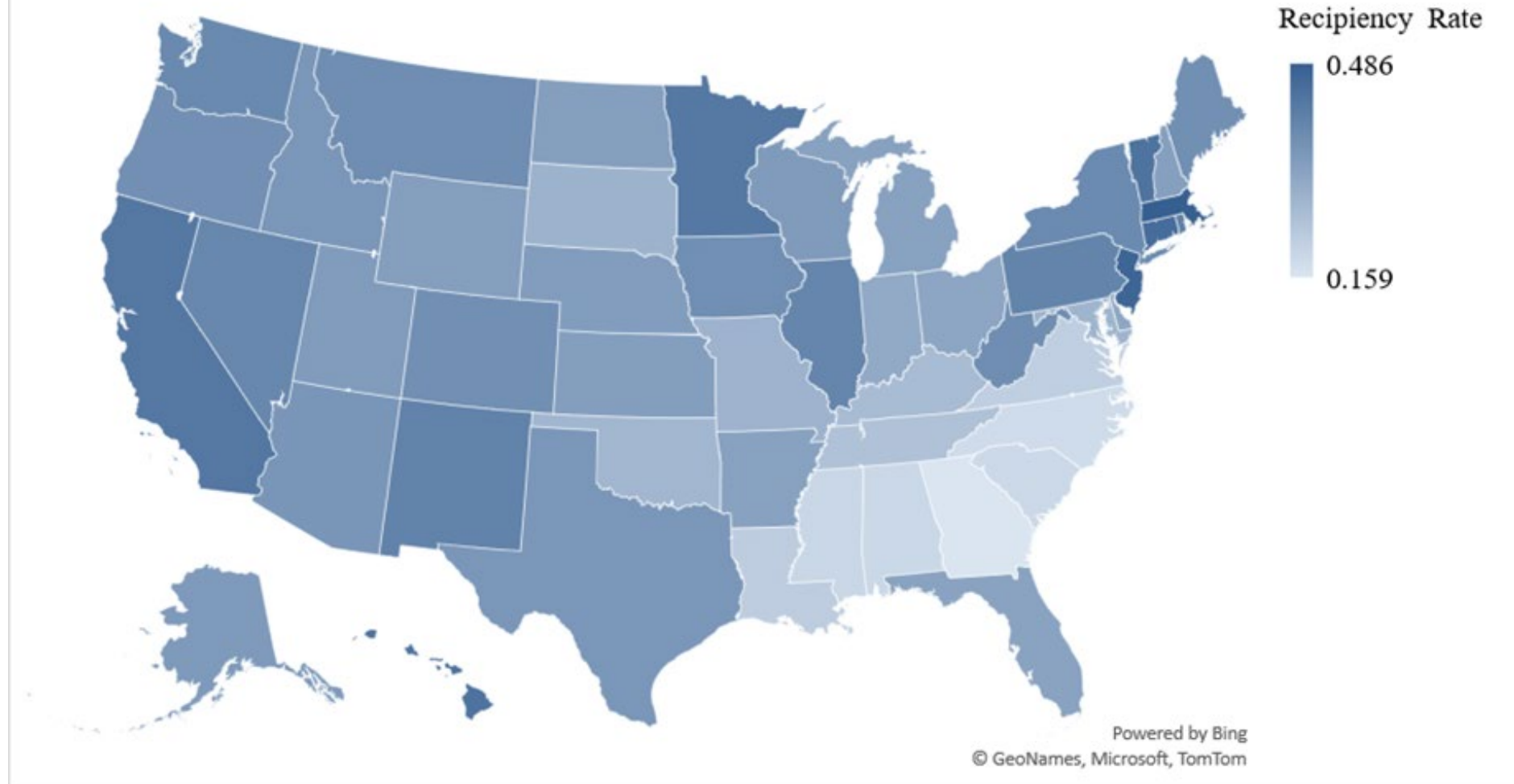
Figure 3. UI Recipiency Rate and Share of Population Black by State, 2019

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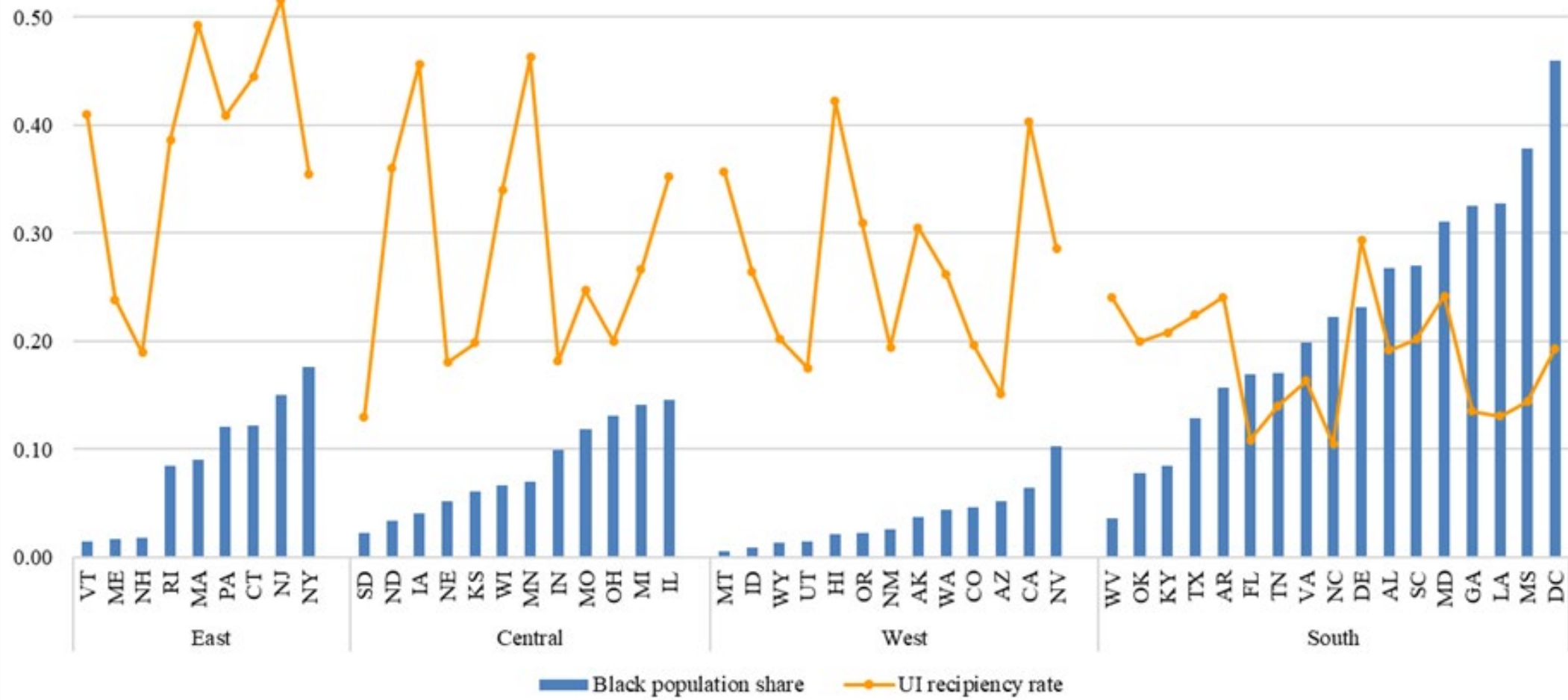
Black UI Recipiency

- Increase in Black share of unemployment is associated with
  - An increased Black share of UI recipients by state
  - But not an increased overall recipiency rate
- States with the largest Black shares of unemployment mostly have low overall state UI recipiency rates
- These states are mostly located in the South where recipiency has declined dramatically in recent years
- Consequently, the weighted average Black recipiency rate has declined to very low levels

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Figure 10. Average UI Recipiency Rates by Race and Ethnicity as Weighted State Shares of UI Recipients in Groups, 2001-2019
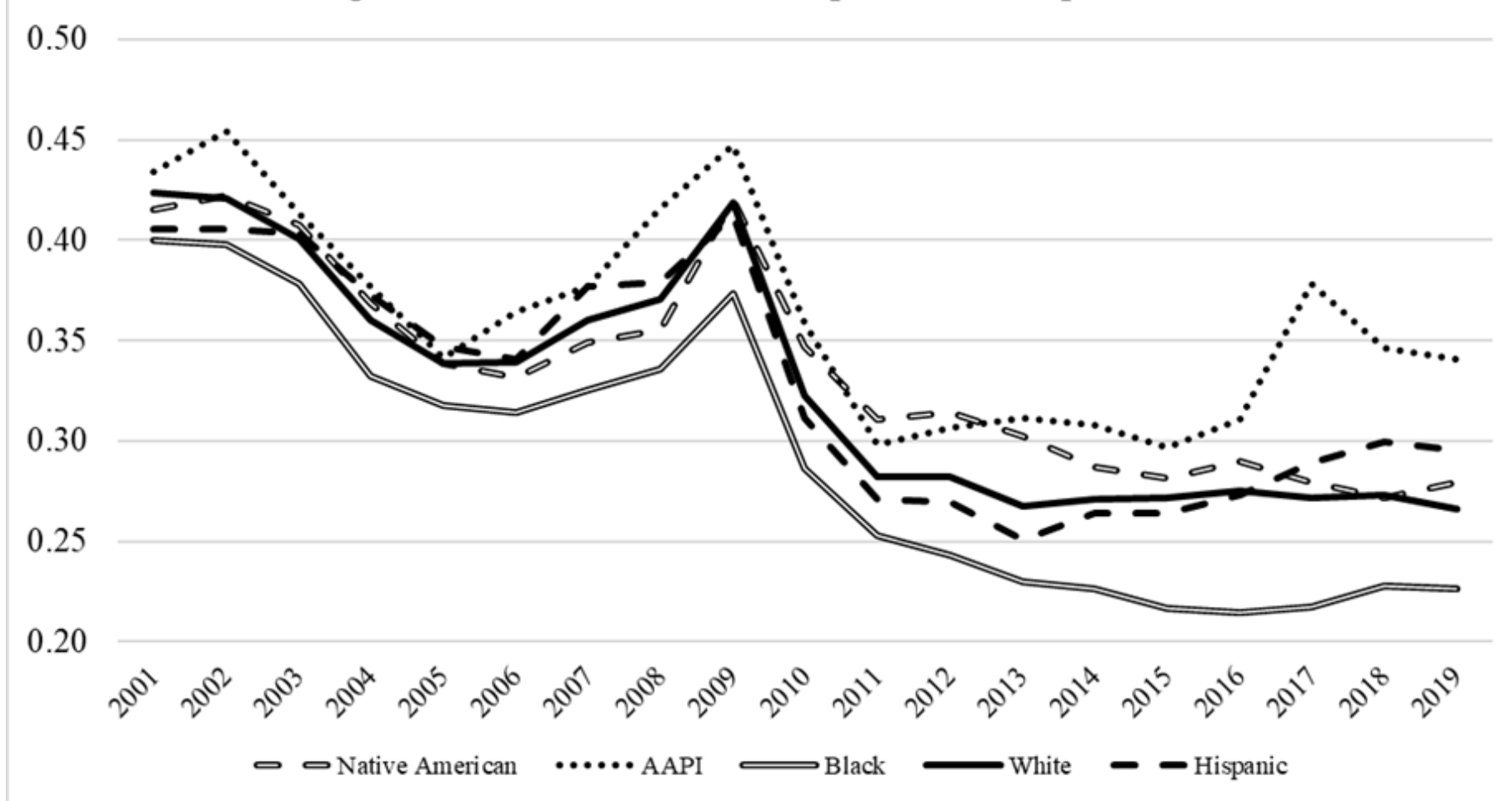
Source: Authors' computations are weighted sums of state recipiency rates from Series A13 in UI Databook where the weights are state shares of demographic subgroups from ETA 203 data divided by the sum of such shares across all states measuring that subgroup in the year (O'Leary and Wandner 2021)

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Related Research on Black Recipiency

- Browne and Spriggs (2020) NORC data April to June 2020
  - Blacks more likely to be unemployed and just 13 percent of unemployed Blacks received UI
- Carey, Groen, Jensen, Krolik, and Polivka (MLR, 2021) Census (multi agency) Household Pulse Survey (pandemic)
  - Blacks increased their UI application rate in the pandemic
  - Lower UI recipiency rate due to lower average earnings and lower UI monetary eligibility
- Bell, Hedin, Mannino, Moghadam, Schnorr, and Von Wachter (CaPoIL, 2021) California EDD
  - In the pandemic there were some variations in recipiency across regions of the state
  - Race and ethnic variables are poorly defined in the California administrative records
  - Overall UI recipiency rate in the pandemic was in excess of 60 percent across all groups
- Kuka and Stuart (NBER, 2021) State UI regulations simulation model and SIPP data
  - Blacks who separate from a job are 24% less likely to receive UI than whites
  - The gap is due to lower take-up not differences in benefit eligibility
  - Half of gap due to Black pre-unemployment earnings and "higher tendency to live in the South"

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General Reforms to Increase UI Recipiency

- Qualify for UI based on base year hours not earnings
  - Overcomes sub-minimum wage (tipped workers) access problems
- USDOL should monitor state UI recipiency rates
  - State rates vary around 45 percent
- Reduce barriers to access
  - Easy on-line, telephone, and in-person claims
  - UI application experts available in offices and by telephone
  - Employers must provide UI application information at layoff

Policies to Boost Recipiency by Groups

- Female – ABP, Part-time availability
- Older – Tailored reemployment services, self-employment assistance, part-time availability
- Younger – ABP, job search assistance, lower monetary eligibility (less experience)
- Race and Ethnicity – Financing standards, minimum potential duration 26 weeks, USDOL monitor state recipiency rates
- Language, physical, intellectual barriers removed in application process