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## Equity in Unemployment Insurance Benefit Access

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# **Equity in Unemployment Insurance Benefit Access**

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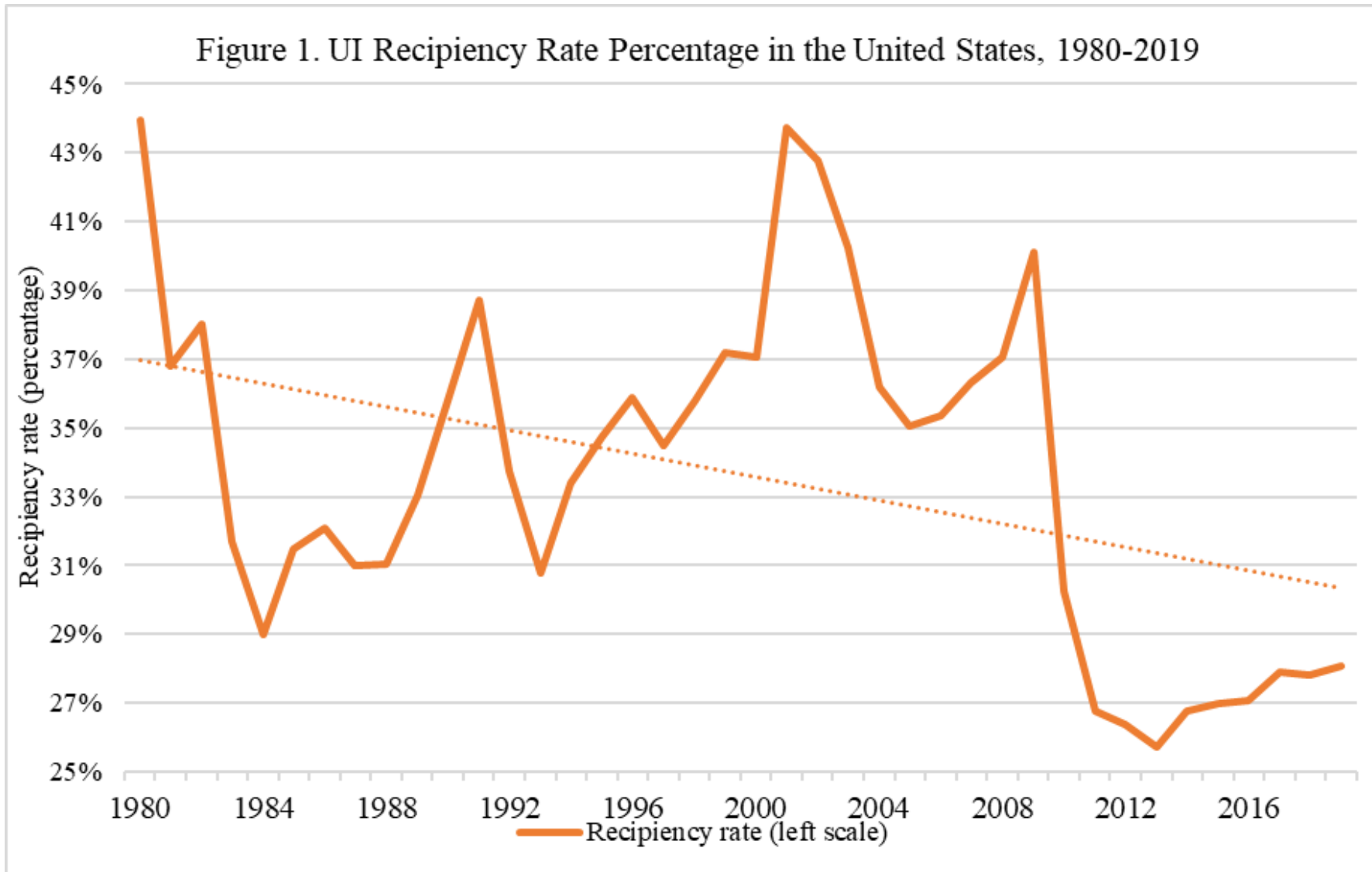
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# Outline

- The unemployment insurance (UI) reciprocity rate is the proportion of unemployed workers receiving benefits.
- The average reciprocity rate across states has been declining in recent years
  - The decline has been larger in some states than others
  - Disproportionately affecting certain groups
- Data: State-year ETA 203 UI recipient characteristics and CPS
- Models: Demographic group shares of UI receipt within states
- Model: Aggregate UI reciprocity across states
- Related research on Black UI reciprocity
- Policies to improve UI reciprocity rates by demographic groups

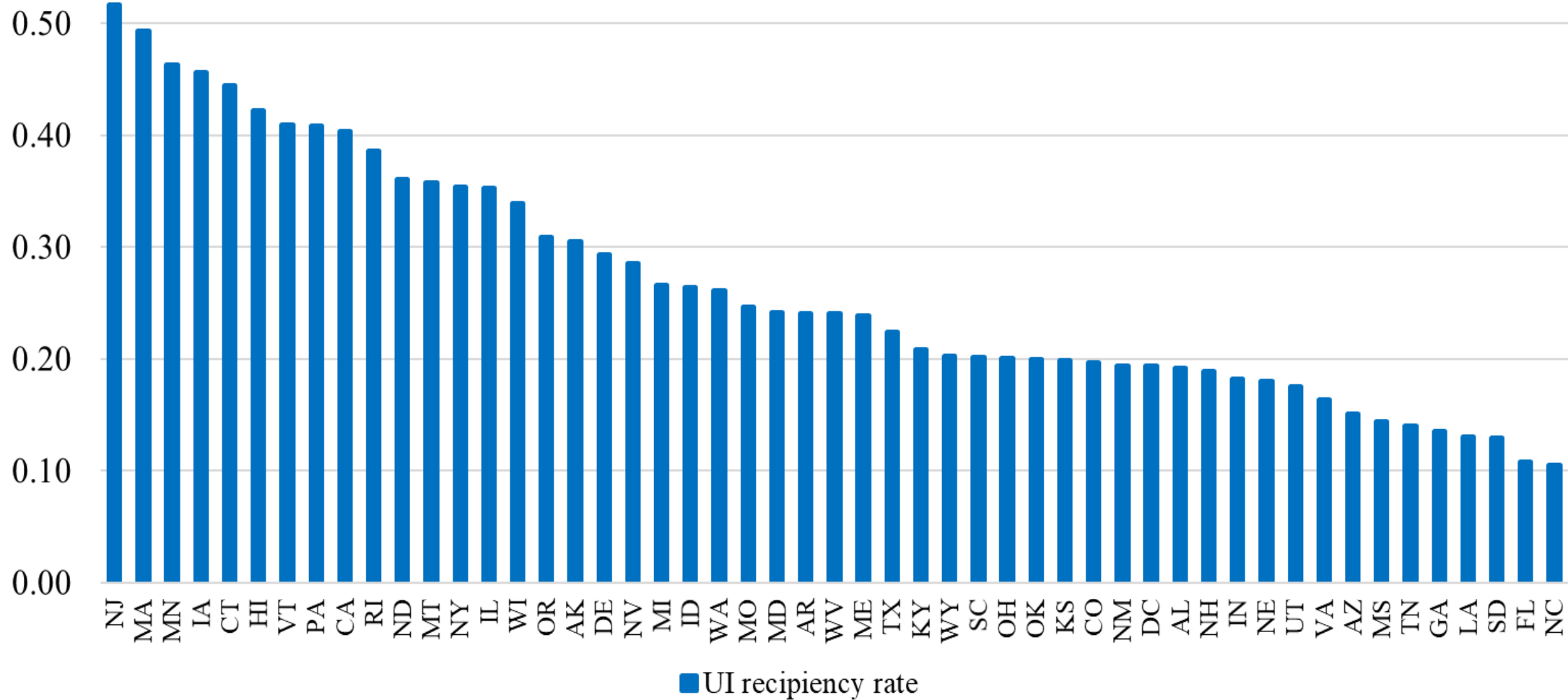
# First Footnote

<sup>1</sup> 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.



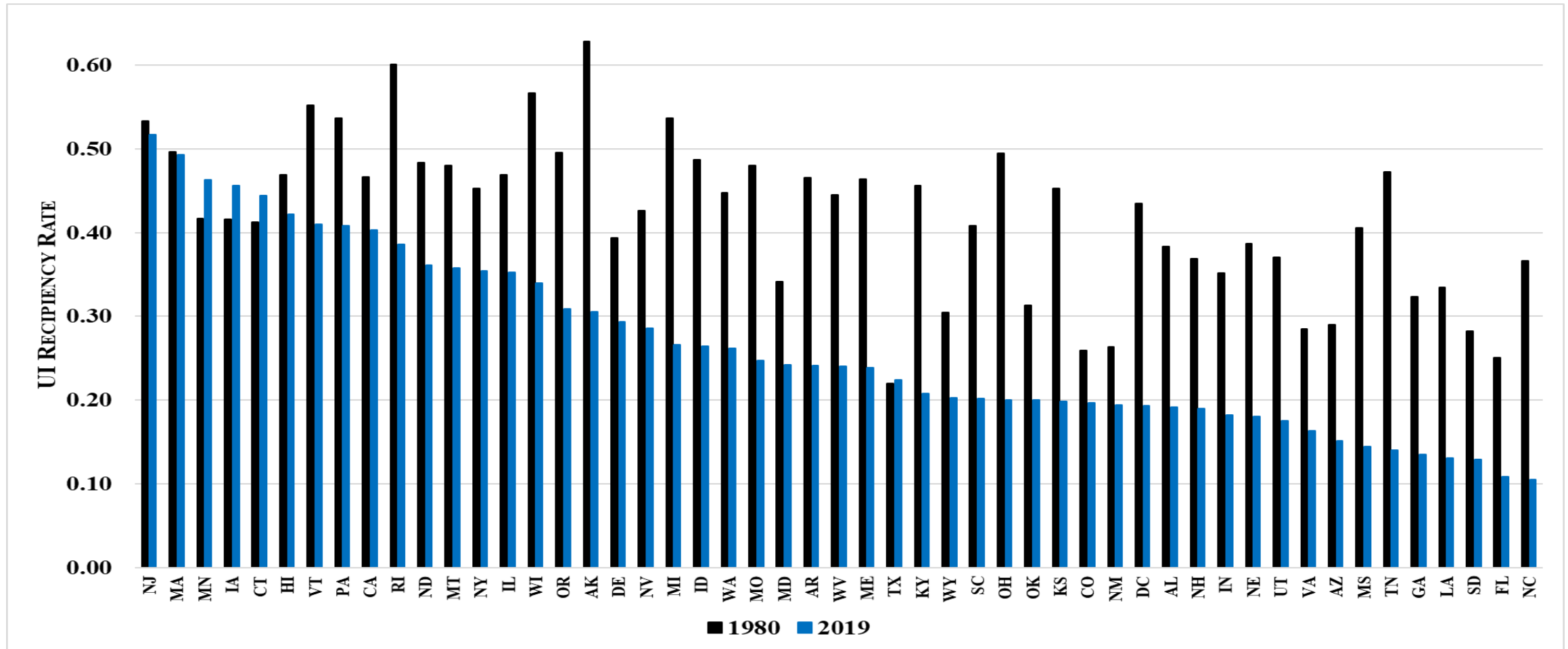
SOURCES: Replacement rate: U.S. Department of Labor, Employment and Training Administration, ET Financial Data Handbook 394; Reciprocity rate: UI Chartbook. Series A-12.  
<https://oui.doleta.gov/unemploy/chartbook.asp>

Figure 2. UI Reciprocity Rate by State, 2019



SOURCES: Reciprocity rate: UI Chartbook. Series A-13. <https://oui.doleta.gov/unemploy/chartbook.asp>

# UI Reciprocity Rate by State, 1980 & 2019



SOURCES: Reciprocity rate: UI Chartbook. Series A-13. <https://oui.doleta.gov/unemploy/chartbook.asp>

# Survey and Administrative Data

- 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)
- BLS LAUS data on annual averages of monthly values by state
  - State unemployment rates (LAUS)
- CPS by group: unemployment, population, employment, LF, LFPR
- 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- <b>unrestricted</b> )	Unemployed (CPS- <b>restricted</b> )	t-stat 203 v <b>restricted</b>
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

# State Demographic Shares of UI Recipients

- Models of UI beneficiary group shares (ETA 203 data):

$$(2) Y_{st}^g = \alpha + \Delta U + \Theta X^1 + \beta_1 S + \beta_2 T + e_{st}^g$$

- U a matrix of **shares of unemployed by demographic group (g)**
- $X^1$  controls: industry shares of unemployment, state unemployment rate, UI application rate (applications/unemployed)
- S and T are state and year indicators for fixed effects
- $e_{st}^g$  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

# Reciprocity Across States over Time

- Model of Reciprocity, 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 reciprocity 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 Reciprocity 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

Figure 5. Average Adjusted State UI Reciprocity Rates, 1992-2019  
from State Fixed Effects Model Estimates

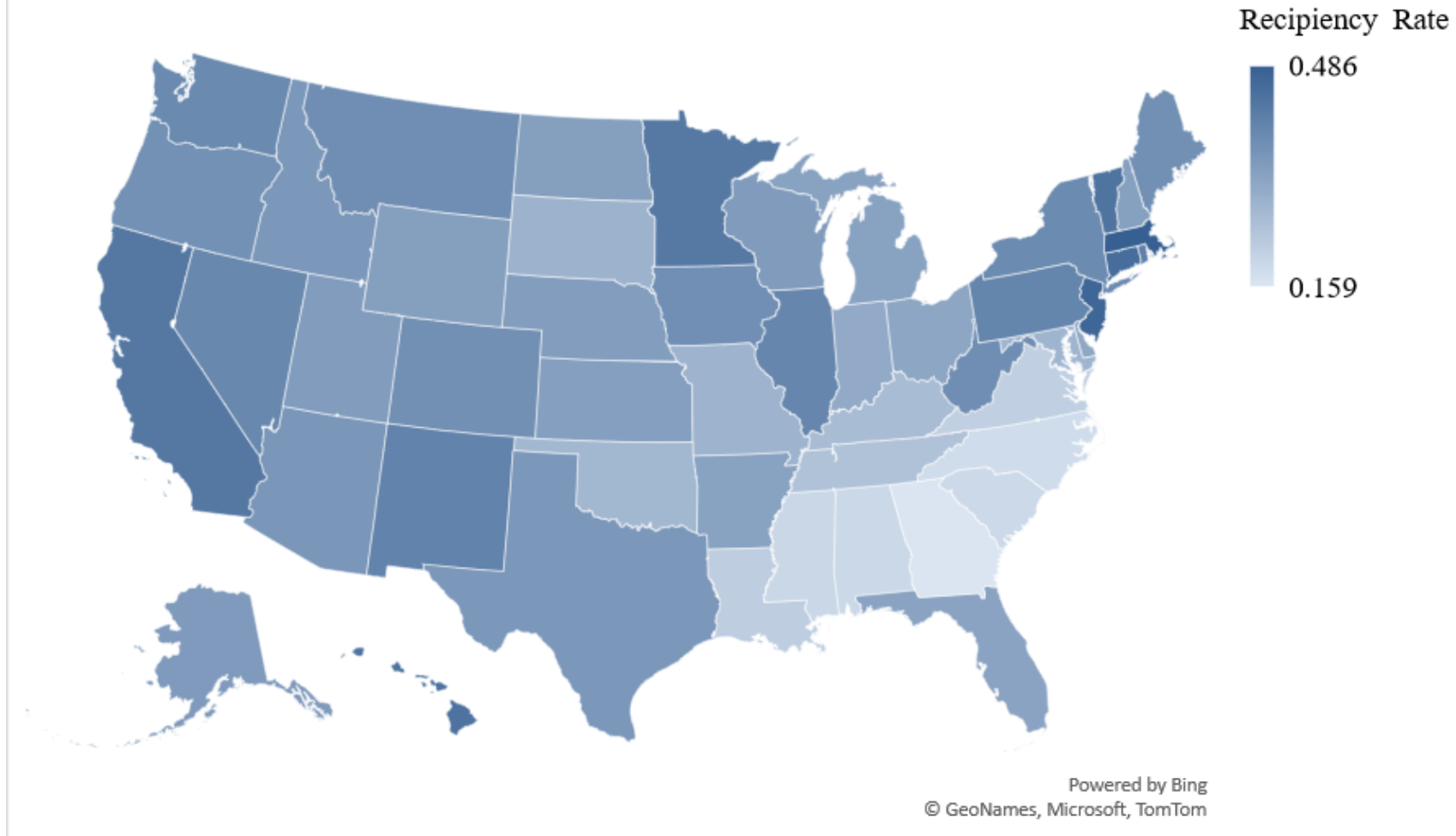
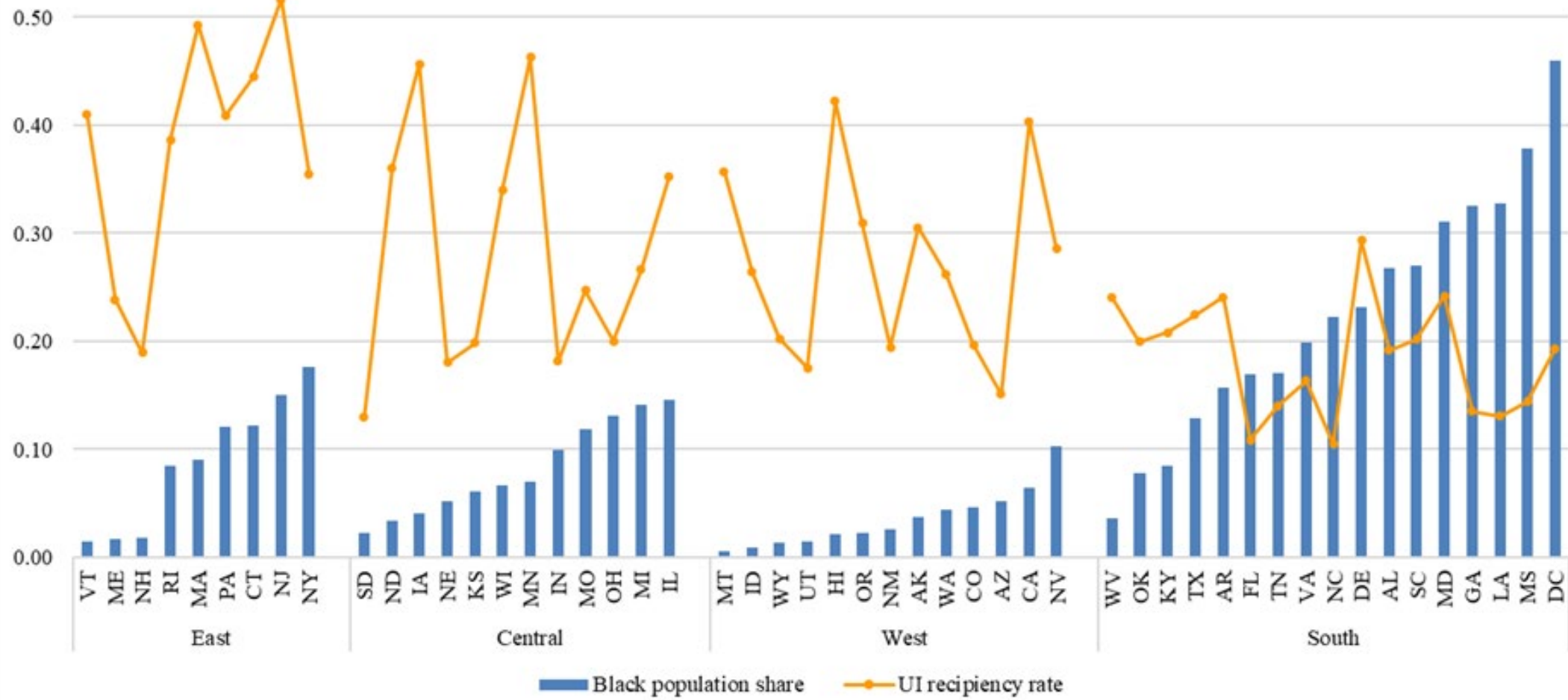


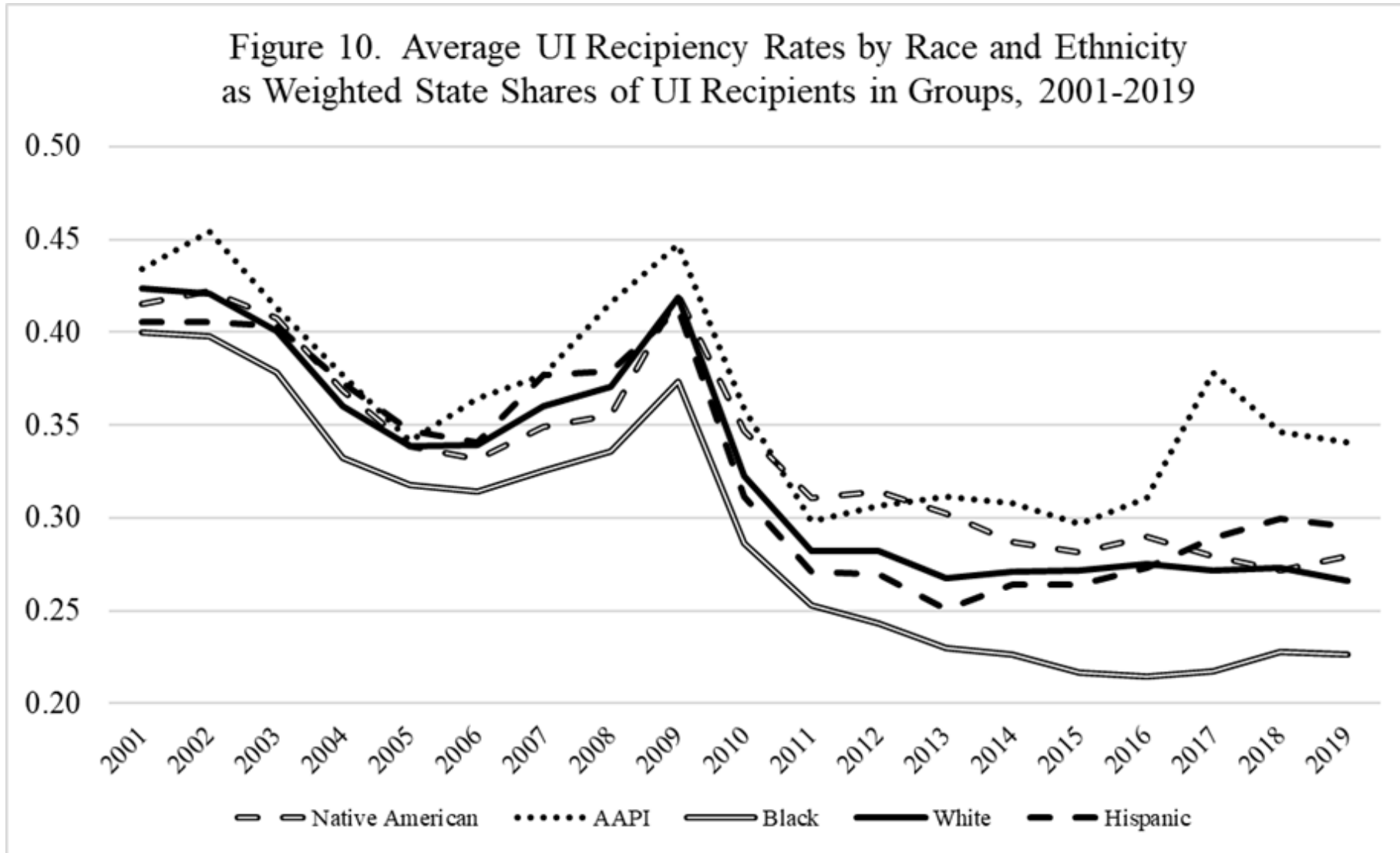
Figure 3. UI Recipiency Rate and Share of Population Black by State, 2019



# Black UI Reciprocity

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





Source: Authors' computations are weighted sums of state reciprocity 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)

# Related Research on Black Reciprocity

- 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 reciprocity 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 reciprocity across regions of the state
  - Race and ethnic variables are poorly defined in the California administrative records
  - Overall UI reciprocity 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”

# General Reforms to Increase UI Reciprocity

- Qualify for UI based on base year hours not earnings
  - Overcomes sub-minimum wage (tipped workers) access problems
- USDOL should monitor state UI reciprocity 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 Reciprocity 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 reciprocity rates
- Language, physical, intellectual barriers removed in application process