

The Reformation of Unemployment Insurance

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Throughout the COVID-19 pandemic, the United States was in an economic crisis—businesses and schools had to shut down to limit the transmission of the virus. Due to shutdowns, many Americans lost their jobs and had periods of time with no work. It was seen that minorities have been affected disproportionately by the pandemic.¹ Before the onset of the COVID-19 pandemic, as of 2010, non-elderly Hispanic and American Indian and Native Alaskan people had the lowest access to health insurance, with 33% lacking coverage, compared to 13.1% of non-elderly white Americans.² Entering the pandemic with this economic factor clearly showed the disparity in access to healthcare among minorities. The AMP Research Lab reports that African American communities experienced a COVID-19 mortality rate 2.7 times higher than white communities.³

Racial and ethnic health disparities within minorities are influenced by socio-economic status. O’Leary et al describe how unemployment insurance and social security programs are excluding coverage among these racial and ethnic minorities, since many of them are employed as domestic or household workers.⁴ Dr. Spriggs has previously discussed the New Deal, which excluded 65% of African Americans from receiving Social Security benefits. However, interestingly, African Americans comprised only about 23% of the agricultural and domestic workforce that was excluded from benefits.⁵

Since the COVID-19 pandemic (as of February 2021) the unemployment rate of African American men was 11.6% as compared to 6% for Asian and white workers. This paper focuses on policy changes in unemployment insurance due to the COVID-19 pandemic and the move towards health equity among minorities. During the pandemic, programs such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Pandemic Unemployment Assistance (PUA) helped workers receive benefits if effected by COVID-19. The Affordable Care Act (ACA) and the American Rescue Plan Act in 2021 helped increase access to health coverage through increasing and expanding eligibility for subsidies.

Since the beginning of these programs, 12 states have still not adopted the ACA, but if the states were to implement them, an additional 1.8 million uninsured adults would be eligible.⁶ These changes to unemployment insurance, however, were temporarily implemented due to the challenges of the COVID-19 pandemic. The CARES Act, which started in March of 2020, ended on September 6th, 2021, and thus the PUA program ended as well.⁷ Additionally, in June 2021, 22 states ended all supplemental pandemic unemployment insurance (UI) benefits. This eliminated benefits for 2 million workers.

Coombs et al followed a group of individuals that were unemployed and were receiving unemployment insurance before the pandemic supplemental insurance ended. Based on data they collected through August 6th, 2021, ending UI increased employment by 4.4 percentage points and reduced UI reciprocity by 25 percentage points. This indicates that when the pandemic-related unemployment insurance ended, individuals were able to get jobs, and according to the paper 1 out of 8 that lost UI coverage found jobs by the first week of August.⁸

The number of Americans that have filed for unemployment insurance has decreased significantly since January of 2021. As of December 25th, 2021, 198,000 Americans filed for unemployment insurance, which is four times less than January 2021.⁹ Since all the supplemental pandemic unemployment insurance benefits ended, nothing has replaced or changed within the policies of unemployment insurance.

Unemployment insurance now fails to serve many workers, especially low wage or part-time workers who are left out entirely, along with workers of color, who are overrepresented within these groups. Current eligibility rules are completely inequitable. Unemployment insurance reform would allow the government to update unemployment insurance eligibility to match that of the modern workforce and create benefits for those looking for work—and are still jobless due to no of fault of their own. Additionally, the reform would include universal minimum standard for

benefits eligibility, duration, and levels, while still allowing states to enact more expansive benefits.¹⁰

Without reformation of unemployment insurance, these racial disparities will continue. Now is a crucial

time to make these changes so people affected by the loss of the supplemental pandemic unemployment insurance benefits can prosper within society and get support from the government while working on obtaining a job in the post-pandemic world.

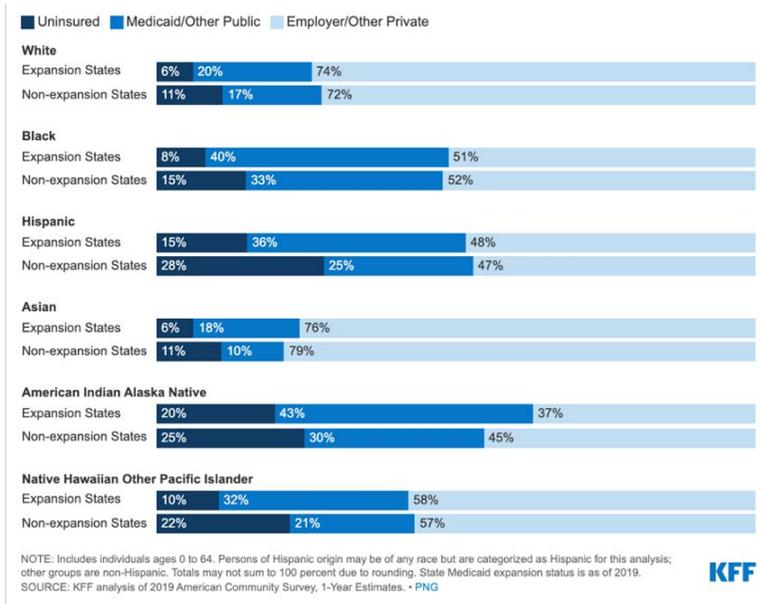


Figure 1: Latoya Hill, *Health Coverage of the Nonelderly Population by Race/Ethnicity and Medicaid Expansion ages 0 to 24 in 2019, 2021*, Photograph, FKK, March 2022, <https://www.kff.org/racial-equity-and-health-policy/issue-brief/health-coverage-by-race-and-ethnicity/>.

Notes

¹Maritza Vasquez Reyes, “The Disproportional Impact of Covid-19 on African Americans”, *Health and Human Rights Journal*. NBCI, December 2020.

²Latoya Hill, “Health Coverage by Race and Ethnicity, 2010-2019,” *Kaiser Family Foundation*, July 16, 2021, <https://www.kff.org/racial-equity-and-health-policy/issue-brief/health-coverage-by-race-and-ethnicity/>.

³Grace De’Zhon, “Racial Inequality and Covid-19,” *The Greenlining Institute*, May 8, 2020.

⁴Christopher J O’Leary, William E Spriggs, and Stephen A Wander. “Equity in Unemployment Insurance Benefit Access,” December 2, 2021.

⁵William E. Spriggs, "A Look at Inequality, Workers' Rights, and Race," *Law and Inequality: A Journal of Theory and Practice* 36, no. 2 (Summer 2018): 231-246

⁶Latoya "Health Coverage by Race and Ethnicity.

⁷Alicia Adamczyk, "Pandemic Unemployment Benefits End in September and States Aren't Extending Them," *CNBC*, August 31, 2021), <https://www.cnbc.com/2021/08/31/federal-unemployment-benefits-end-in-a-week-states-wont-extend-them.html>.

⁸Kyle Coombs et al., "Early Withdrawal of Pandemic Unemployment Insurance: Effects on Earnings, Employment and Consumption," *Harvard Business School*, 2021.

⁹Greg Iacurci, "Unemployment Claims End 2021 near Pre-Pandemic Levels." *CNBC*, December 30, 2021. <https://www.cnbc.com/2021/12/30/unemployment-claims-end-2021-near-pre-pandemic-levels.html>.

¹⁰Josh Blvens et al., "Reforming Unemployment Insurance," *Economic Policy Institute*, June 2021, <https://files.epi.org/uploads/Reforming-Unemployment-Insurance.pdf>.
