

(Why) Are African Americans and Latinos underrepresented among UI beneficiaries? An exploratory look

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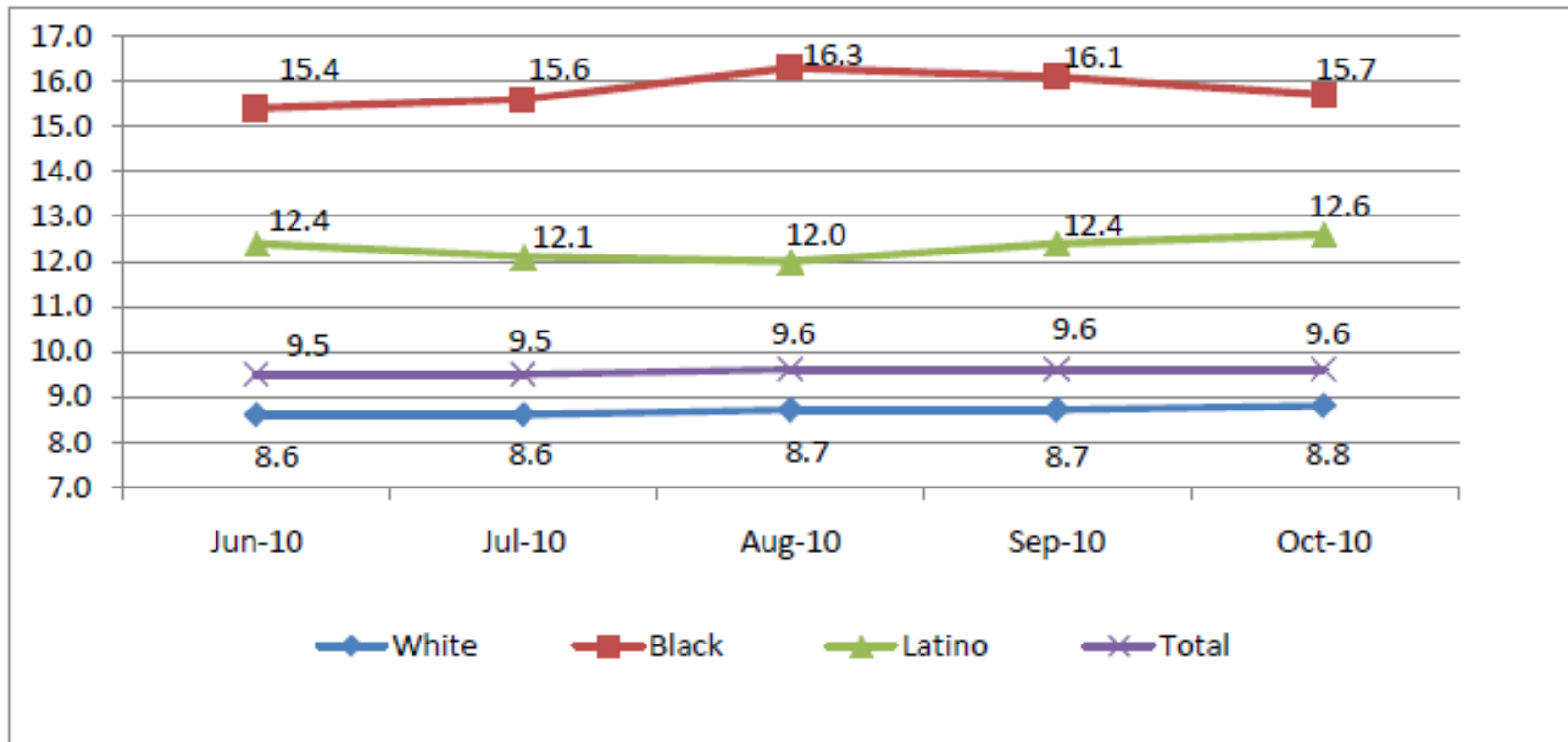
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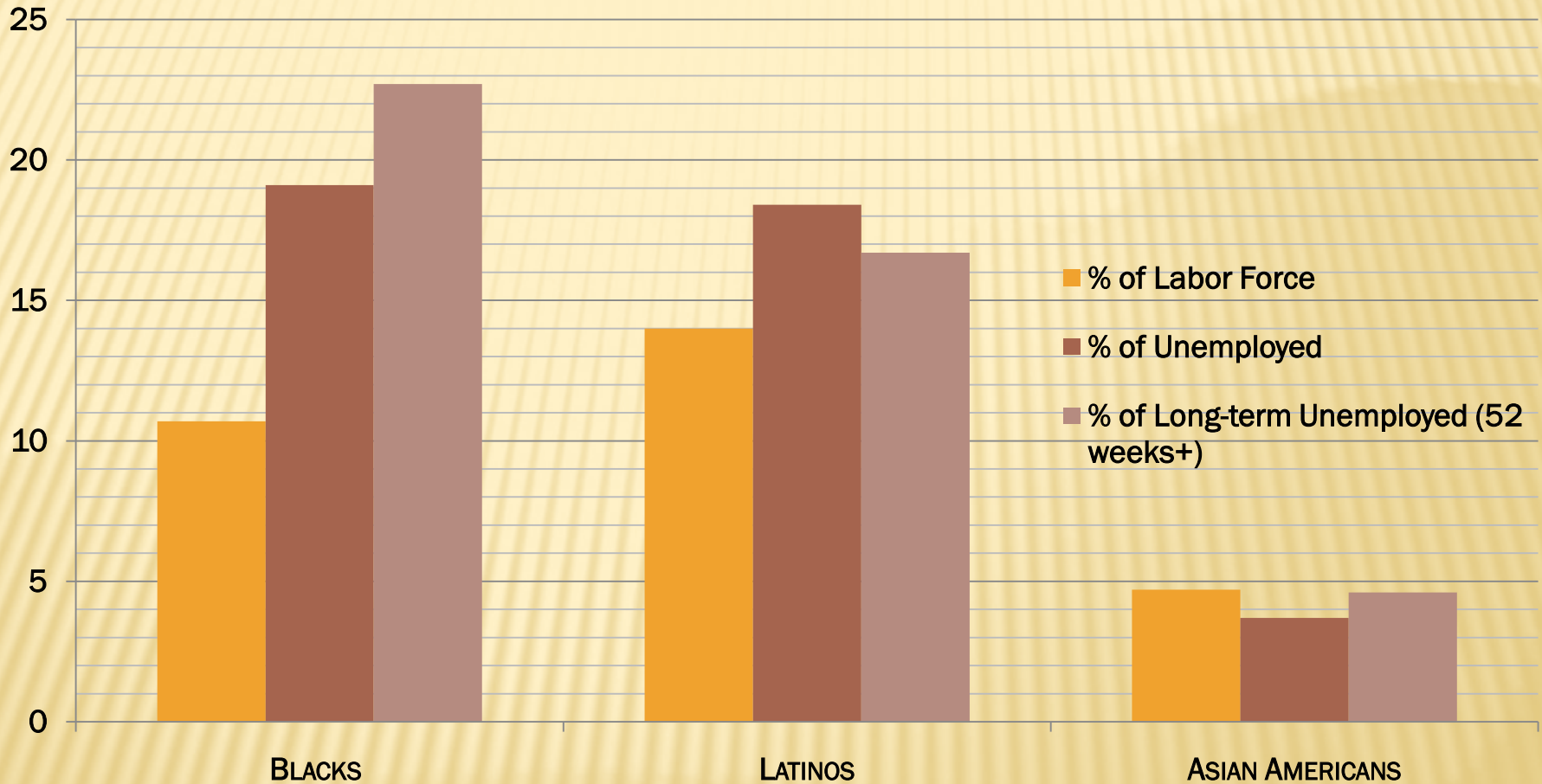
Blacks and Latinos have endured especially high unemployment during the latest recession

Chart 1. U.S. Unemployment Rate by Race: June 2010- October 2010



Source: U.S. Bureau of Labor Statistics

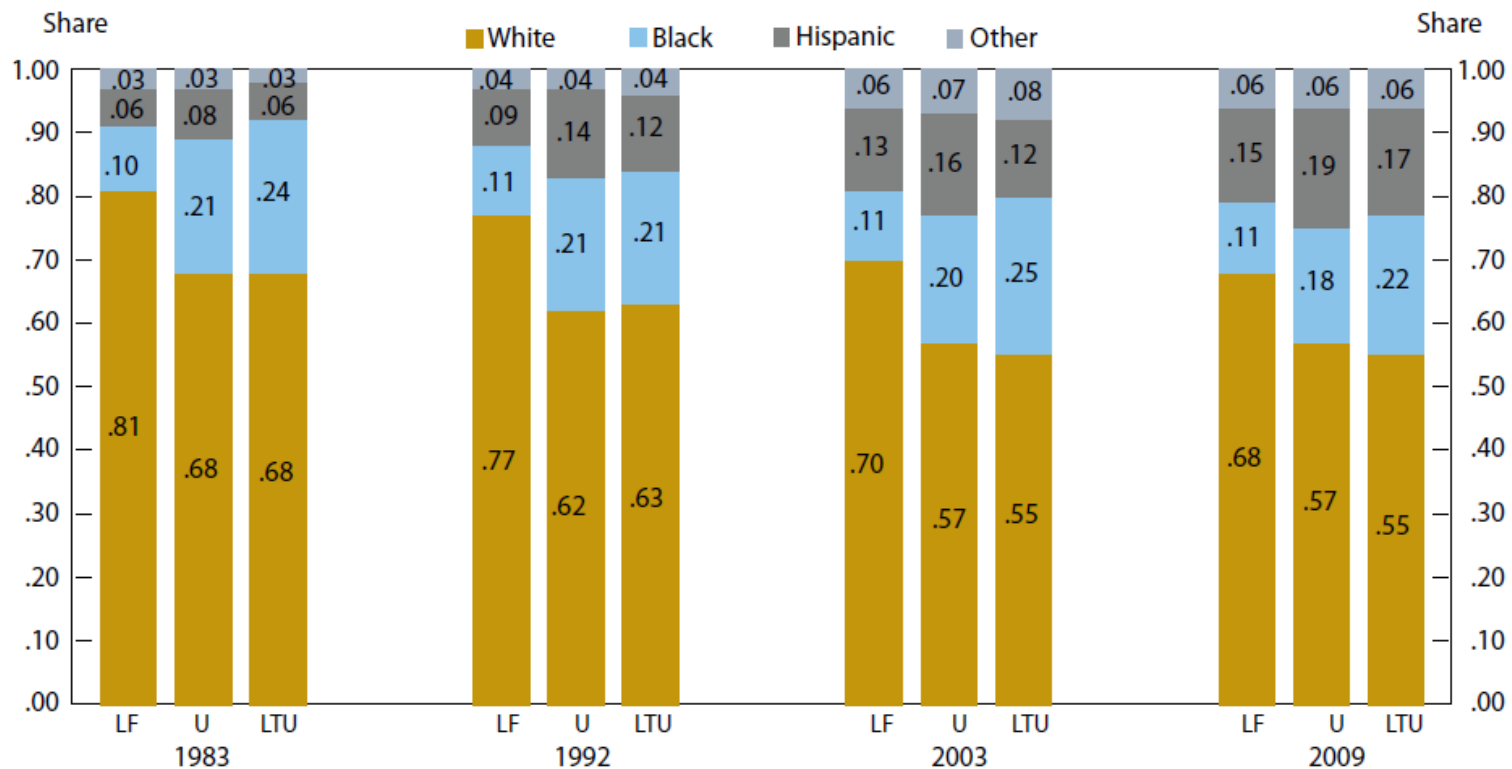
Blacks and Latinos also are overrepresented among the long-term unemployed (Dec 2010)



Source: Bureau of Labor Statistics, Current Population Survey

The relationship between race/ethnicity and long-term unemployment holds over time

Chart 7. Shares of the labor force (LF), unemployment (U), and long-term unemployment (LTU) accounted for by Whites, Blacks, Hispanics, and others; 1983, 1992, 2003, and 2009

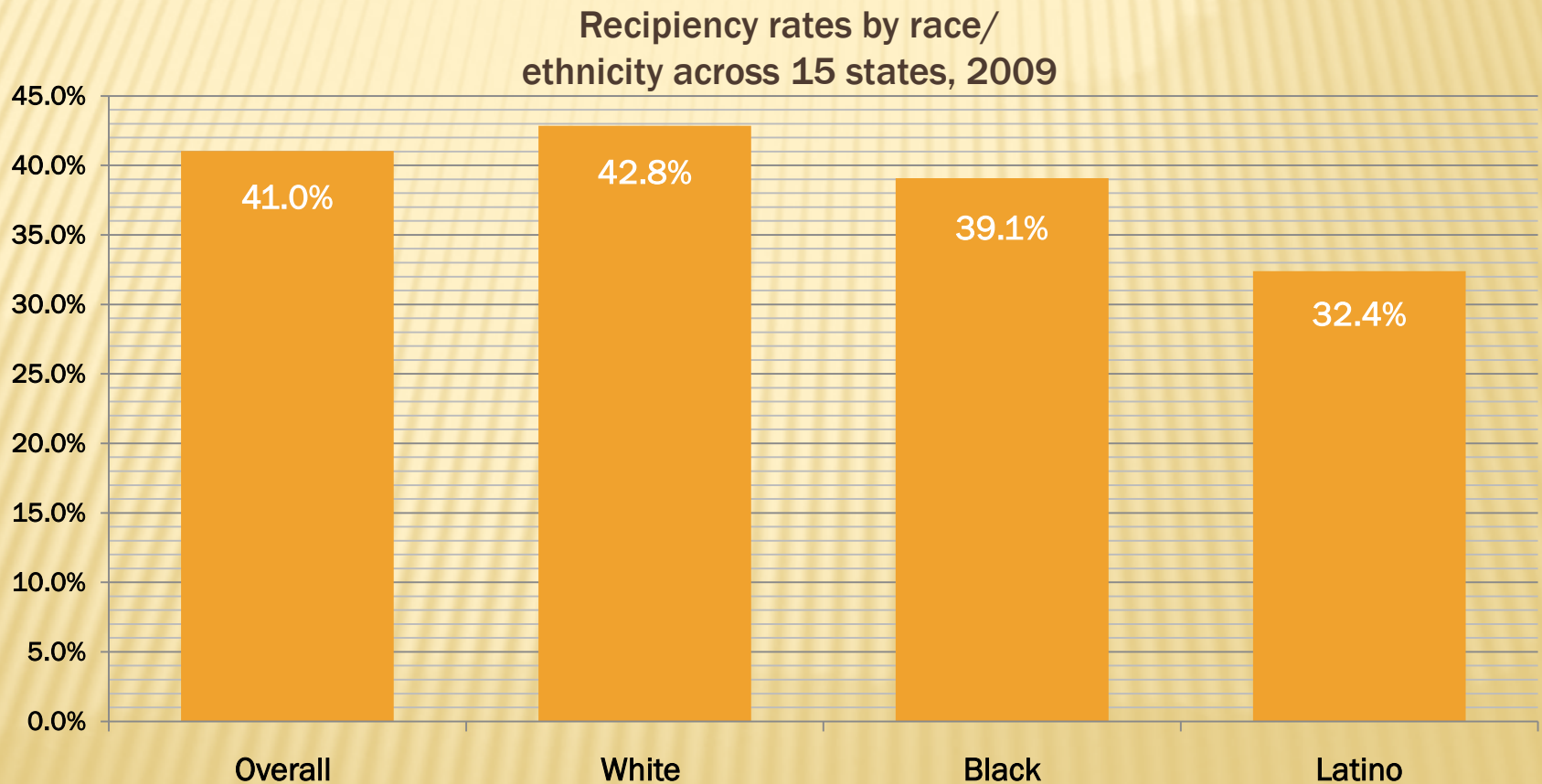


NOTE: In this analysis, the race groups White, Black, and other all are non-Hispanic. Hispanics may be of any race.

SOURCE: Current Population Survey.

However, Blacks seem to be somewhat underrepresented and Latinos very underrepresented among UI recipients

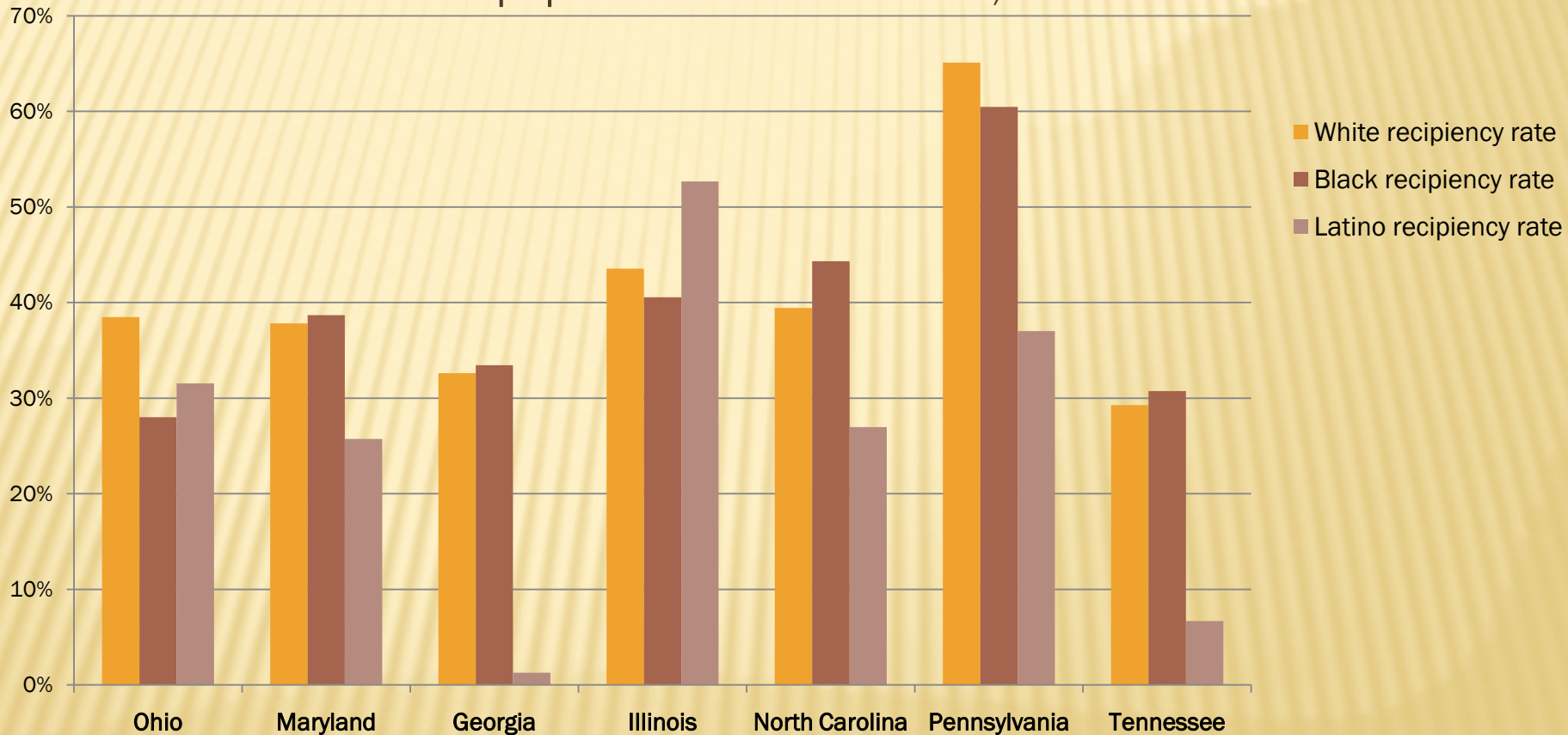
There are 15 states for which we have fairly good race/ethnicity data on UI recipients in 2009. The unemployed in these states include 2.9 million whites, 1.1 million African Americans, and 360,000 Latinos.



Source: BLS Local Area Employment Statistics and DOL Employment and Training Administration, Characteristics of the Insured Unemployed for Calendar Year 2009; BLS Preliminary 2009 Data on Employment Status by State and Demographic Group

There is significant variation in relative reciency rates by race/ethnicity at the state level

Reciency rates by race/ethnicity in
most populous of the 15 states, 2009

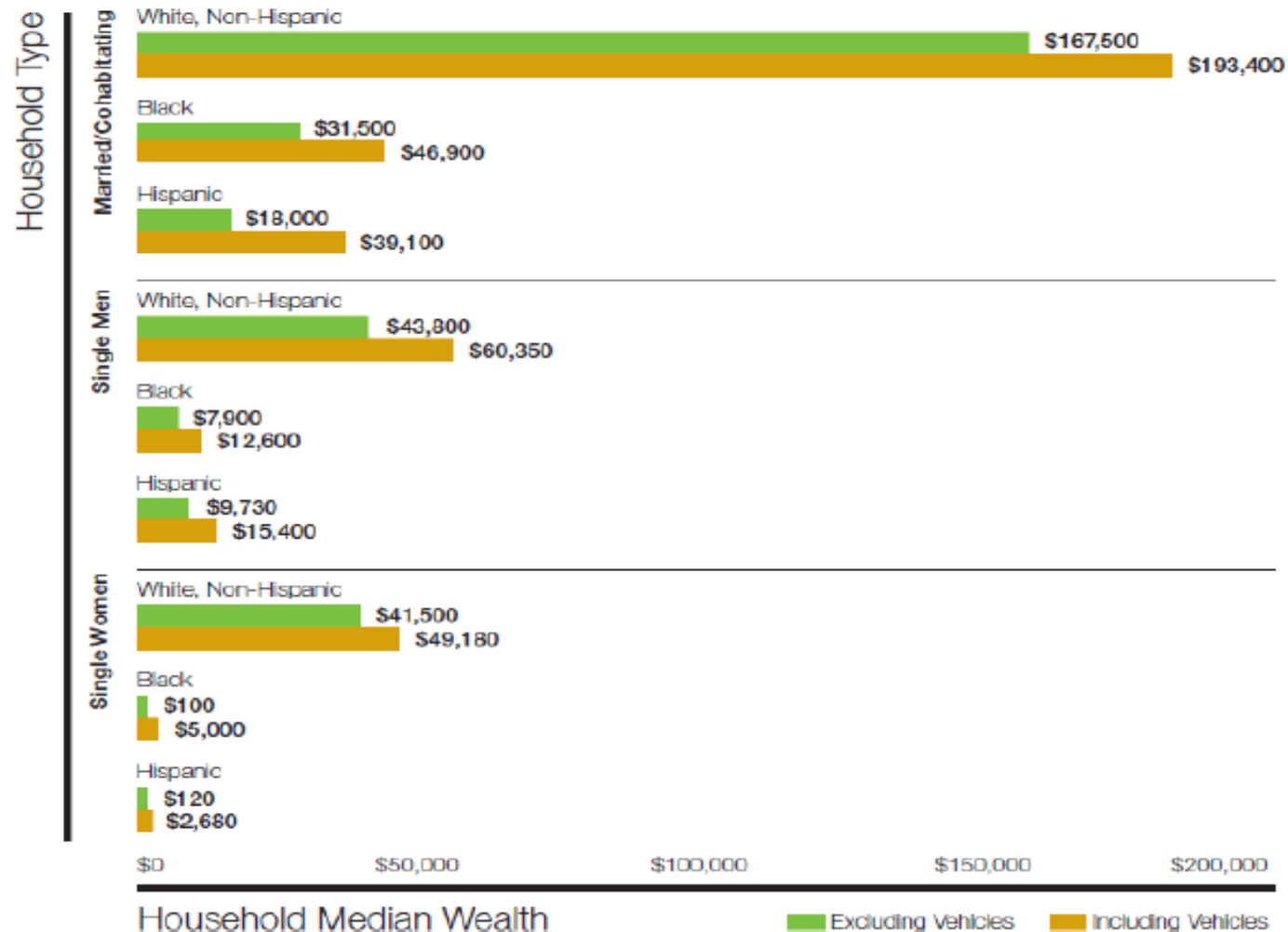


Source: DOL Employment and Training Administration, Characteristics of the Insured Unemployed for Calendar Year 2009; BLS Preliminary 2009 Data on Employment Status by State and Demographic Group

Underrepresentation of Blacks/Latinos in UI worrisome because their families are very vulnerable financially

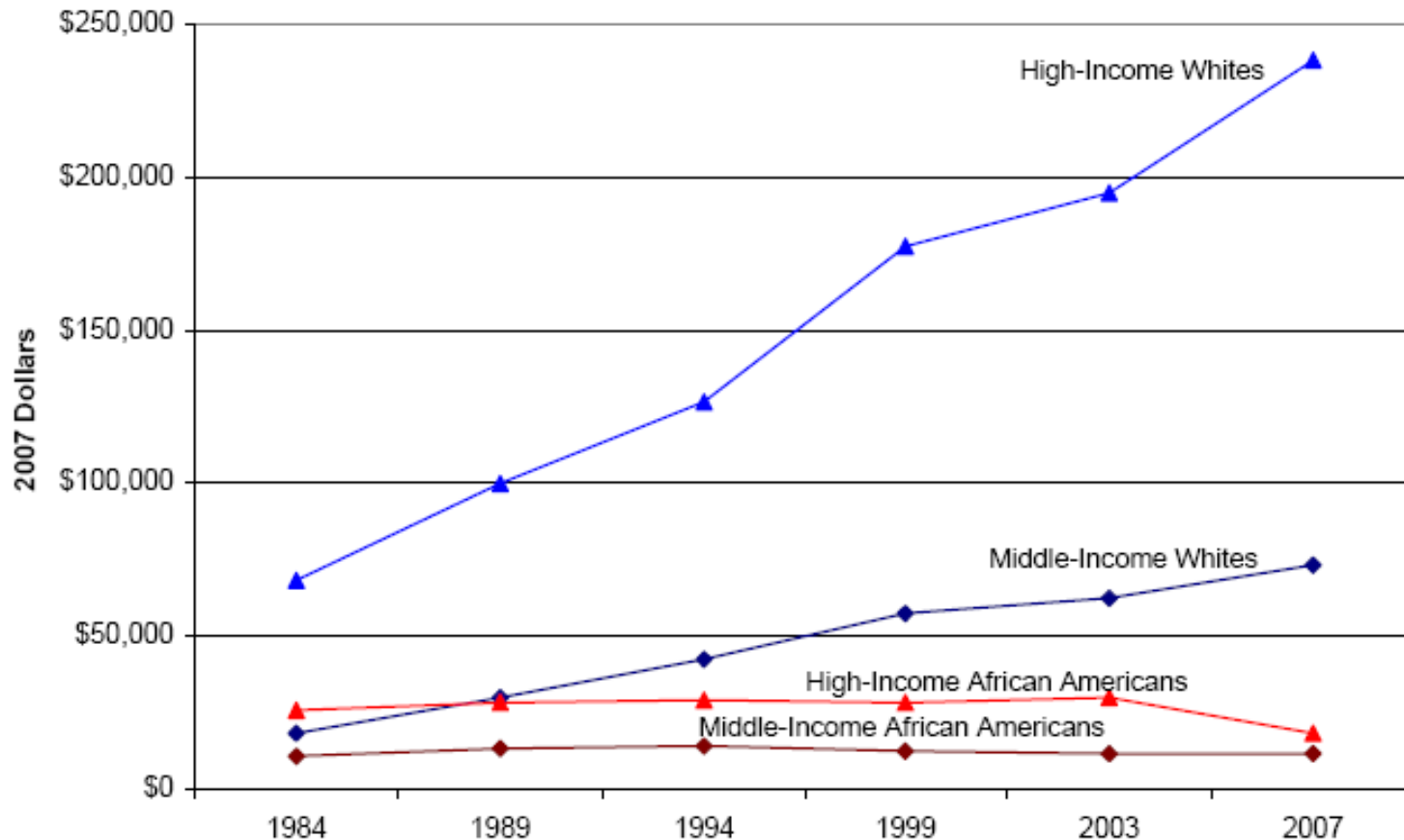
Figure 1.

Racial Differences in Wealth by Household Type, Ages 18-64, 2007



Even “high income” African American families can ill afford missed paychecks

Figure 2: 1984-2007 Median Wealth Holdings by Income in 1984
(Not including home equity)

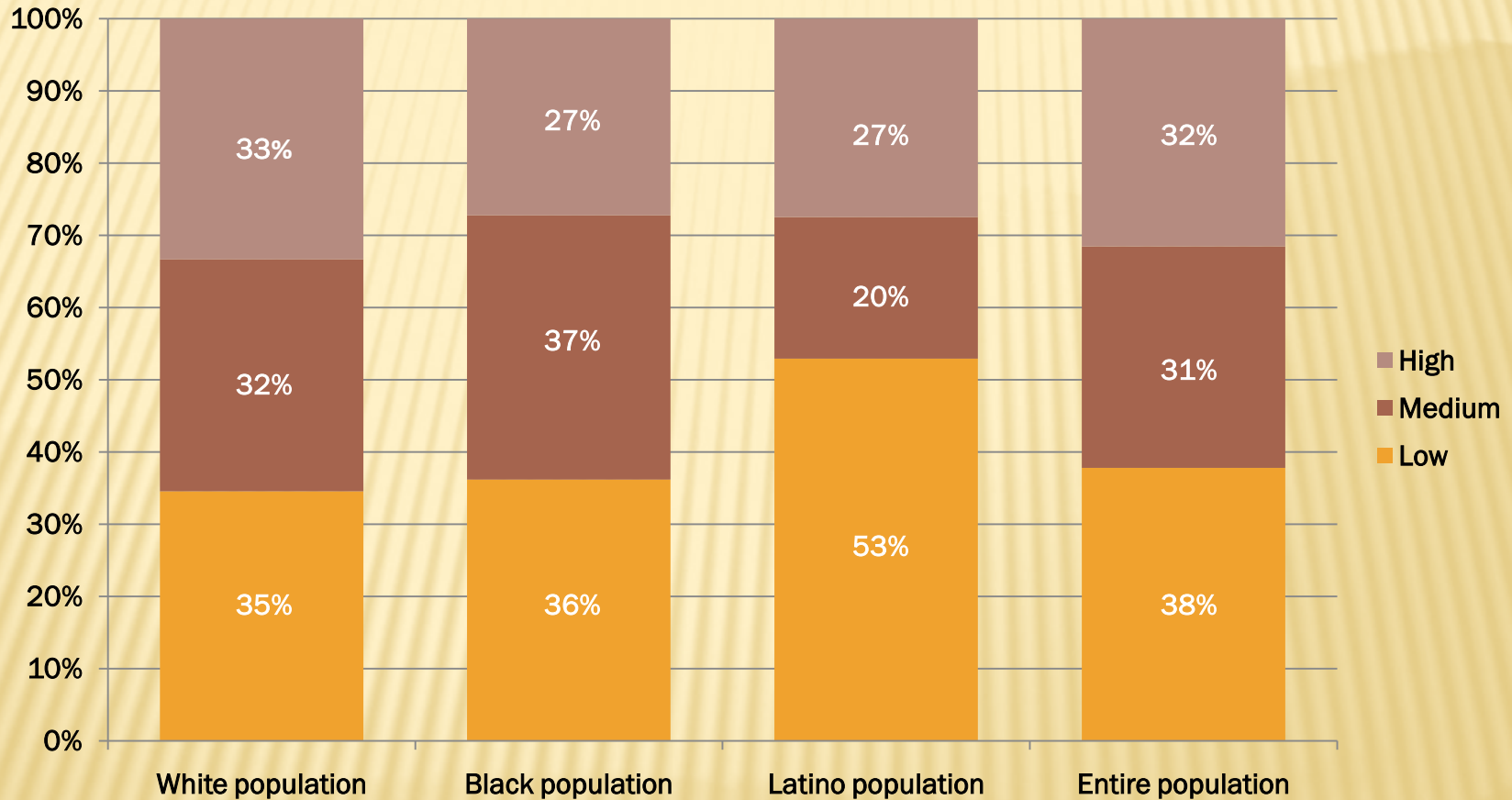


Possible explanations: It may be that...

1. Blacks and Latinos more likely to live/work in low-coverage states (geographic distribution/bad-luck)
2. Blacks and Latinos less likely to meet state eligibility criteria (worker status issue/bad luck)
3. Disparities by race/ethnicity are not coincidental; the Unemployment Insurance program is “racialized” in design and by the role of bureaucratic discretion in its implementation
4. Unemployed Blacks/Latinos less likely to apply for UI
5. Undocumented immigrants more likely to count among the unemployed than to receive UI benefits

1. Relative to Whites, Blacks and Latino populations are unfavorably distributed in re state UI reciprocity rates

Distribution of US population by race/ethnicity and state reciprocity rates – low (20%-41%), medium (41%-50%), and high (51%-69%) – in November 2009



Source: U.S. Census Bureau, "Estimates of the Resident Population by Race and Hispanic Origin for the United States and States: July 1, 2008 (SC-EST2008-04)," and ProPublica, "Is Your State's Unemployment System in Danger? November 2009/ <http://www.propublica.org/special/is-your-states-unemployment-system-in-danger-603>

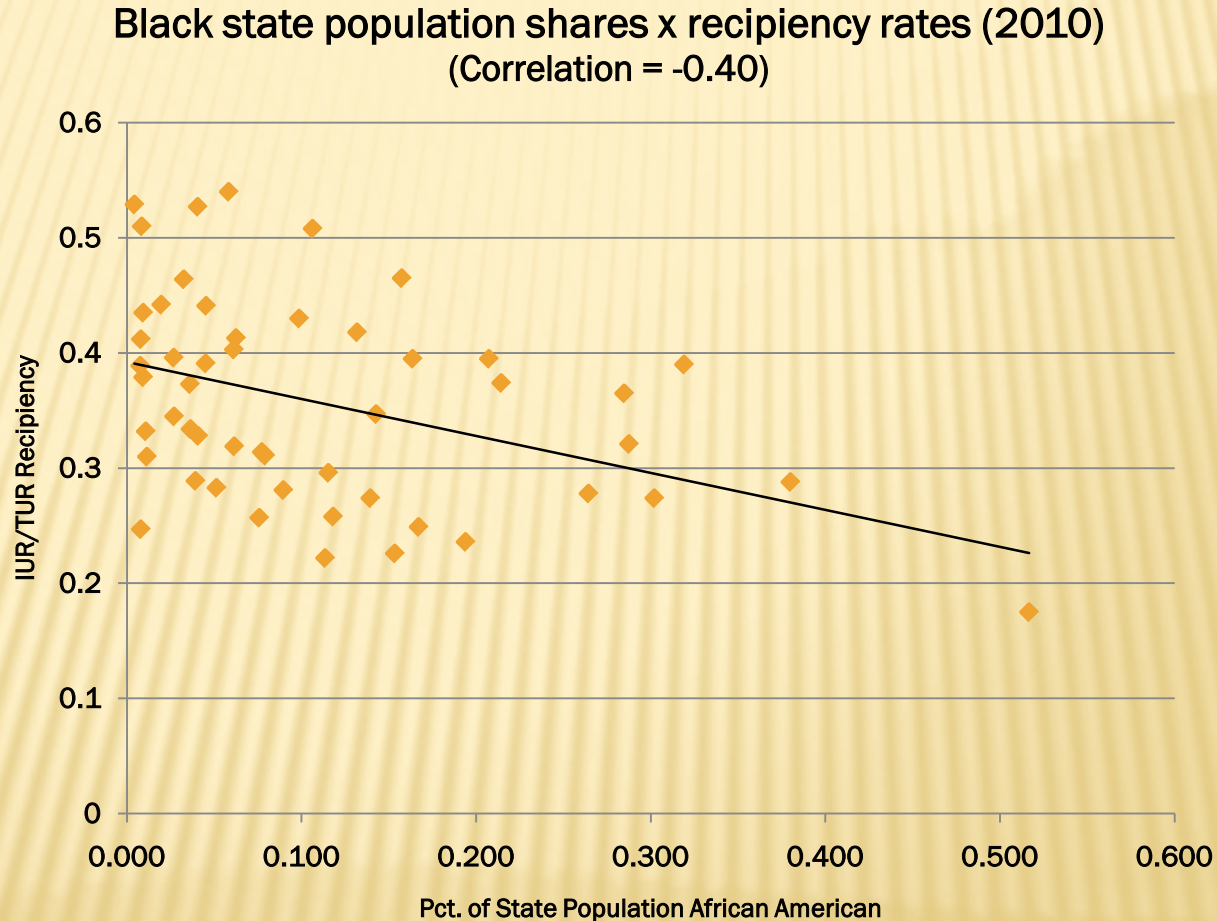
2. Blacks and Latinos overrepresented among unemployed workers most likely to be ineligible

- ✘ Among unemployed, African Americans less likely than whites to be “job losers” in 4th quarter, 2010
 - + 58% of Blacks and 64% of whites were “job losers” (vs. new entrants, reentrants, etc)
- ✘ Blacks and Latinos disproportionately low-income. The EPI estimated that in 2009:
 - + Blacks were 11% of the workforce, but 18% of workers affected minimum wage increase to \$7.25/hr.
 - + Hispanics were 14% of the workforce and 19% of workers affected by increase.

3. Is UI racialized in design and through the role of discretion in its implementation?

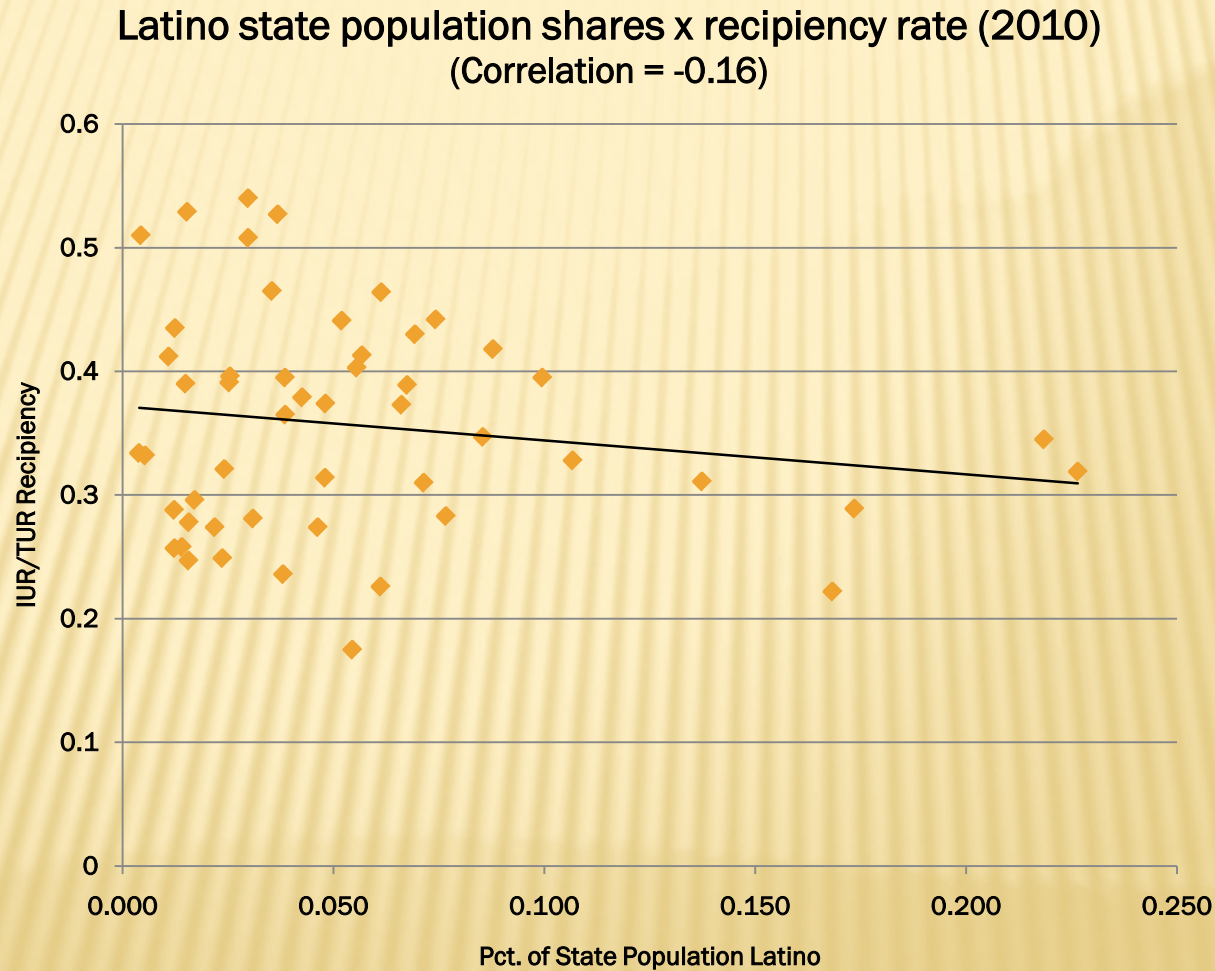
- ✘ If so, one would expect, for example:
 - + A positive association between reciprocity rates and proportion African American and/or Latino
 - + A positive association between wrongful denial of UI benefits and proportion Black and/or Latino
 - + Relatively favorable results to African Americans and Latinos in states that rely more on automation
 - + Greater denial of African Americans and Latinos than of similarly situated White claimants

States with higher **proportions** of African Americans do also have lower UI coverage rates

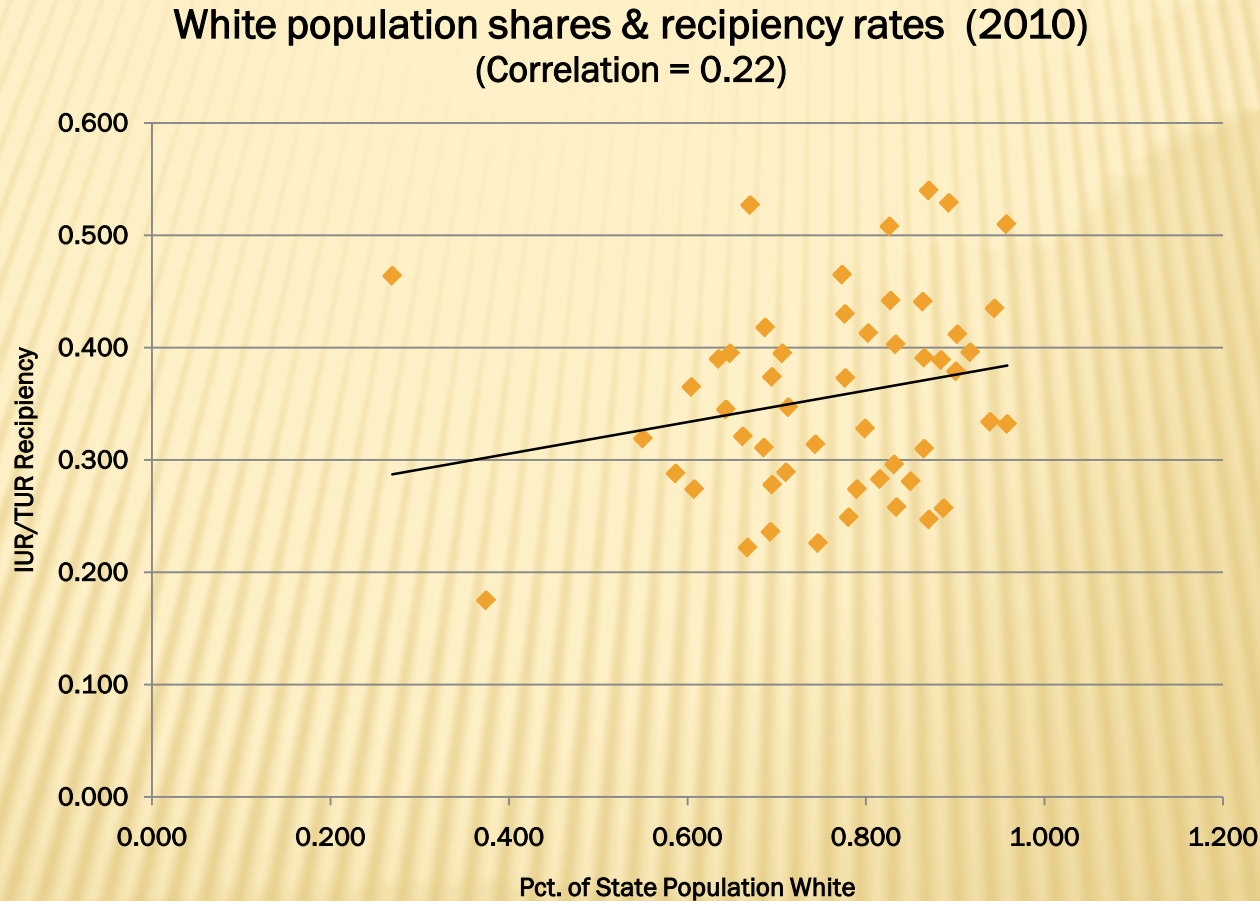


Source: <http://www.doleta.gov/unemploy/chartbook/chartcpt.cfm>

Same is true for Latinos, but the relationship is weaker than for African Americans



For Whites, the reverse is true: the greater the White proportion, the higher the coverage rate



The national distribution of the black population has not changed dramatically between 1930 and 2000



← 1930

2000 →



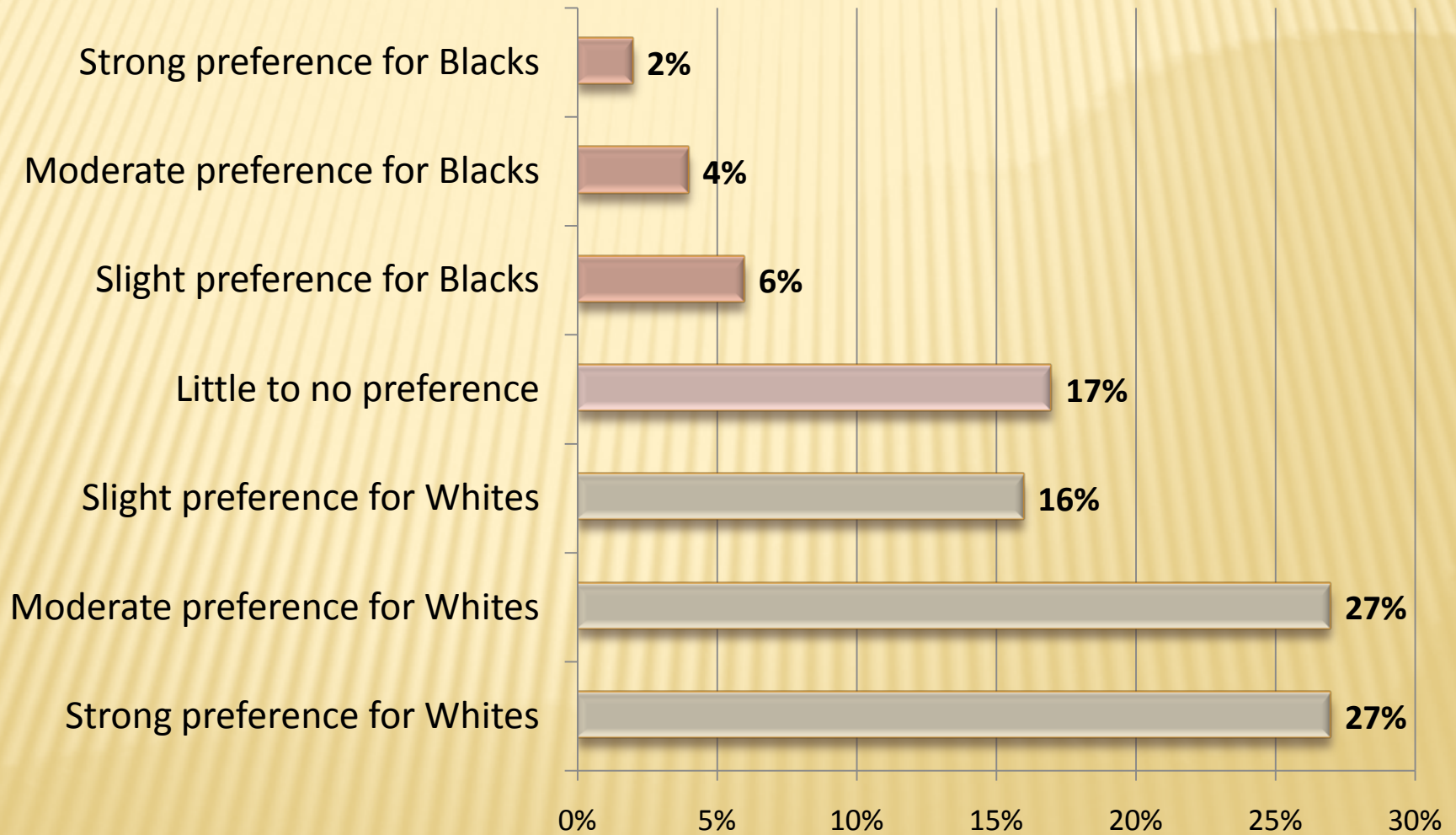
State shares of B's/L's were positively associated with improper monetary denial rates, not with separation/non-separation errors



Source: DOL Employment and Training Administration, Benefit Accuracy Measurement, Denied Claims Accuracy Report 2009.

http://www.ows.doleta.gov/unemploy/bam/2009/Denied_Claims_Accuracy_Rates_CY_2009.xls

Black-White Implicit Association Test Results



A few proven behavioral implications of implicit bias

- ✘ In “shooter game,” mistakes follow clear pattern: people shoot more unarmed blacks and fail to shoot armed whites
- ✘ Doctors’ implicit racial attitudes → unequal treatment for Latinos and Blacks compared to Whites
- ✘ Resumes with “white-sounding” names (Emily, Greg, Jill, Todd) receive 50% more call-backs than those with “black-sounding” (Jamaal, Latoya, Tyrone, Lakesha) names.
- ✘ Neighborhoods with White-only residents evaluated much more favorably than same neighborhoods with black residents or racially mixed residents
- ✘ More or less implicit bias corresponds to comfort level and body language in interracial interactions

Potential Responses

To possibility of racial/ethnic bias:

- ✘ Make race/ethnicity data collection mandatory in re all UI claimants
- ✘ Conduct audit tests for bias in claims processing
- ✘ Reduce bureaucratic discretion through still-greater use of automation
- ✘ Offer de-biasing training

Potential Responses (cont.)

Expanding access and speeding transfer:

- ✘ Support wider state adoption of modernization reforms
- ✘ Require employers to distribute UI information to displaced workers
- ✘ Change the benefit calculation formula to aid low-income workers
- ✘ Allow workers to bank their benefits over time

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