

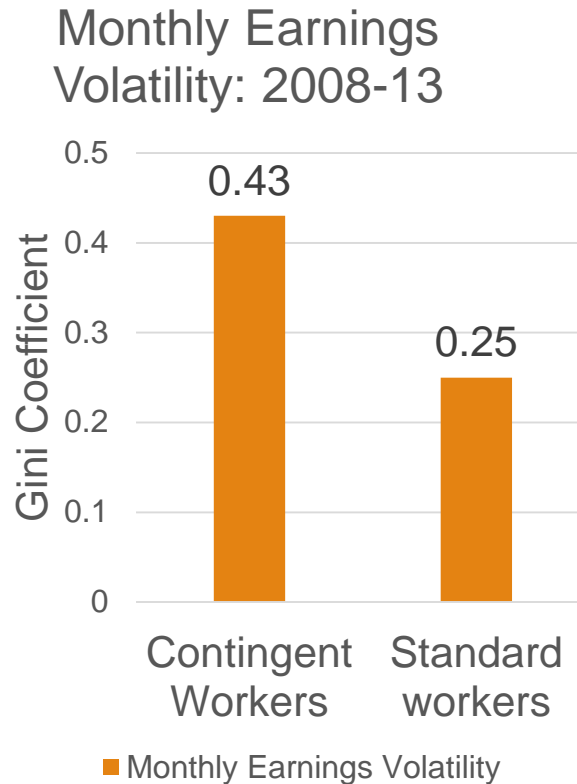
Cushioning unemployment and earnings volatility among nonstandard workers

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Nonstandard earnings are volatile

- Recessions cause bigger drops in income for the self-employed (Carrington, 1996)
- In general, NSW are more vulnerable to bigger month-to-month earnings swings (Cassidy, Stettner, Wentworth 2016)
- Best case scenario: Volatility trade off for independence.
- Worst case scenario: Polarized workforce (Kalleberg, 2012)



Source: Cassidy, Stettner and Wentworth analysis of SIPP

But...unemployment is difficult to define

- Strains traditional BLS & UI definitions of unemployment
 - If freelancers have clients not employers can they be laid off?
 - How can we know if freelance workers are unemployed through no fault of their own?
 - Other NSW workers also have multiple employers and don't fit traditional definitions.

NYC Freelancer Focus Groups (TCF + CPRC, N=20, Oct '17)

“Uncertainty and volatility is endemic to freelancing”

“There's no pattern”

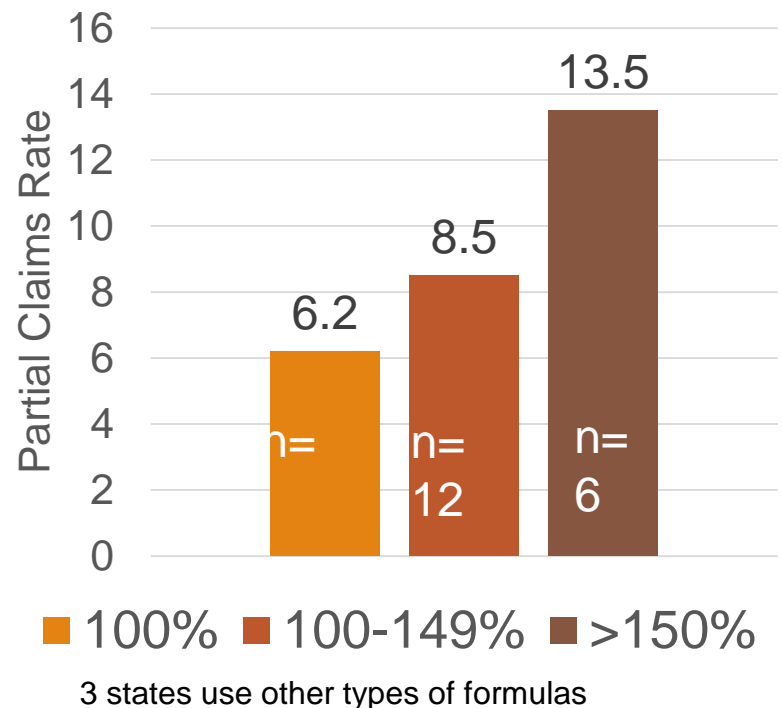
“It's feast or famine”

“When I don't have work, I just don't leave my house.”

UI Reform: Addressing Underemployment

- **Partial UI Benefits:** Partial benefits for hours reductions
 - **Earnings Threshold:** Eligible if earning less than 100-150% of the full weekly benefit amount.
 - **Benefit amount:** Regular UI – (Earnings-Disregard)
- **Reforms**
 - Increase threshold and disregard
 - Make workers more aware
 - Allow for back-dated filing

State UI Partial Claims Rate and Benefit Generosity (Threshold)



Other UI Fixes for Nonstandard workers

- Laid off workers can be disqualified if they have side freelance income
 - Impacts 15.2 million “diversified freelancers” who mix regular / NSW work (Upwork, 2017)
- Temporary help agency workers face special disqualification
 - An ended temporary job is a lay off
 - Many states treat as a “voluntary quit” if a worker does not ask for more work.

Solutions: Expanding UI

- Self-employed are the largest group of U.S. citizen workers legally excluded from UI
- Voluntary UI available to self-employed in Finland & Denmark
- We propose a **U.S. pilot program**, run in concert with UI and an entrepreneurial assistance program (Cassidy, Stettner and Wentworth, 2016)
 - Start with long-standing freelancers
 - Contribute for at least 4 quarters
 - Draw benefits for maximum 13 weeks
 - Must show their loss was related to a lost customer or unexpected decline in business activity not a lack of effort.
 - Entrepreneurial assistance program would help freelancers get going again

Solutions: Outside of UI

- Quarterly earned income tax credit (Erickson & Meyer, 2016)
 - Improvement on annual lump-sum payment.
- Portable Benefits (Hill, 2015, Rolf, Watterson, Clark, 2016)
 - Portable benefit fund would pay into UI and other benefits
 - Earned leave benefits through portable benefits fund could address instability.
- Assistance with savings and financial planning