

WHY SHOULD LATINO WORKERS AND THEIR FAMILIES CARE ABOUT UNEMPLOYMENT INSURANCE?



Latino workers account for a growing share of the workforce, working hard for wages and benefits that are often insufficient to support their families. Latino workers also find themselves without a safety net when layoffs occur, receiving unemployment insurance benefits at a rate about 25% less than other workers. The Unemployment Insurance (UI) system was designed to keep jobless workers and their families out of poverty and shore up local economies. States can reform their systems in order to help the system keep its promise to Latino families.

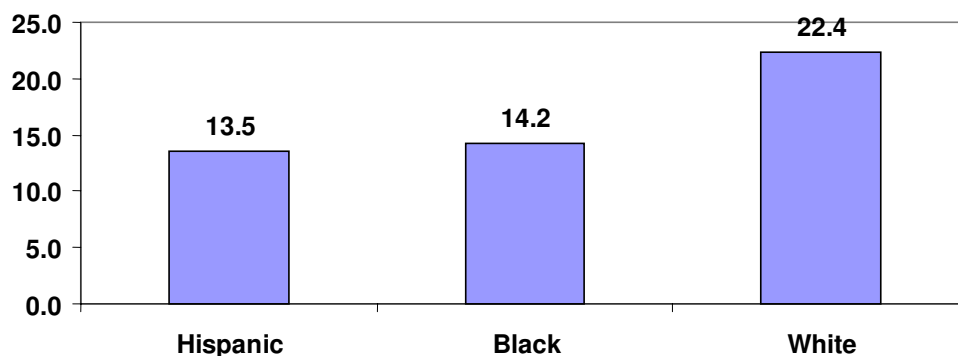
Latina women suffer both a race and gender gap in receipt of unemployment benefits. State policies that provide benefits to those who daily balance their work and family lives can provide equal access to Latina working women.

Upgrading unemployment insurance program is an important part of an agenda of strengthening the financial and economic security of Latino working families. Published by the National Employment Law Project, *Changing Workforce, Changing Economy* provides a road map for states to reform their unemployment benefits to match the current needs and realities of today's working families. The book provides policy models, evidence in support of reform, model legislation and state comparisons on critical issues for Latinos, such as counting workers' most recent earnings, making sure that part-time and seasonal workers receive benefits, accommodating the needs of limited English speaking workers and outreach to Latino communities. For a downloaded copy of the book, see <http://www.nelp.org/changingworkforce/> For order forms, see <http://www.nelp.org/getthisbook.cfm>

Improving UI/Reciprocity for Latinos

- ❖ With Latino workers more likely to engage in low-wage, part-time, seasonal or temporary agency work, states can adopt policies that ensure these "nonstandard" work arrangements don't disqualify the jobless from benefits they have earned. In the past five years, twenty-five states have taken action to improve access.
- ❖ In this racially and linguistically diverse workforce, at least fifteen states maintain favorable policies providing for translation and interpretation in unemployment insurance processes. Simple outreach plans by state agencies can ensure that non-English speaking workers know how to apply for the benefits to which they are entitled.
- ❖ Latina women suffer both a race and gender gap in receipt of unemployment benefits. State policies that provide benefits to those who daily balance their work and family lives can provide equal access to Latina working women.

Percent of Jobless Workers Receiving UI in their First Quarter of Unemployment, 2003



Source: Center for Economic Policy Research analysis of the Survey on Income and Program Participation.¹

In many states, Latino working families faces barriers to support during unemployment

- ❖ Federal civil rights law and the realities of our diverse population require that all workers have access to UI benefits, no matter what language they speak. And while two-thirds of Spanish-speakers in the US also speak English very well, every day thousands of immigrants attempt to access UI systems that lack the language flexibility to reach them. A recent study associates low UI reciprocity with states' unwillingness to provide appropriate translation and interpretation. State must do more to make their UI systems accessible to all of our country's workers.
- ❖ Median earnings for Latinos remain well below those of Whites. Low-wage workers in general are twice as likely to be unemployed as their high-wage counterparts, but half as likely to receive UI benefits. In thirty-one states, UI applications exclude up to six months of a worker's most recent earnings—a policy that creates needless barriers for low-wage and seasonal workers.
- ❖ In 2003, Latinos represented 13 % of the labor force, but 22% of those working part time for economic reasons. In twenty-four states, UI benefits are denied to part time workers, despite the fact that these workers' earnings are subject to UI taxes.

Why Unemployment Insurance matters to Latino workers and their families

The Unemployment Insurance system was designed in 1935 to keep jobless workers and their families out of poverty and to shore up local economies. The nation's unemployment insurance (UI) programs pumped \$70 billion into the US economy during the recession of 2001-2003. Latino workers account for a growing share of the workforce, working hard for wages and benefits that are often insufficient to support their families. Latino families with children already find it difficult to access many safety net programs, including food stamps and medical care. Finally, Latinos often find themselves without a safety net when layoffs occur, receiving unemployment insurance benefits at a rate about 25% less than other workers.

- In 2003, Latino workers represented 16% of the unemployed in our country, and had a higher unemployment rate than white workers. However, Latinos were less likely to receive unemployment benefits than whites or blacks.
- In the 7 of the 11 states with the largest Latino population, jobless Latinos are under-represented among UI recipients. These states are New Mexico, Texas, North Carolina, Colorado, New York, Illinois and Arizona.

States can reform their systems in order to better support jobless Latino families.

Active campaigns to reform state UI systems are underway in many of the states with large Latino populations, and more could be done in nearly every state to increase access to the UI program and benefit levels for Latino workers. State advocacy groups would do well to look to the state UI program as an important economic support for Latino families.

These reforms include:

- In this racially and linguistically diverse workforce, at least fifteen states maintain favorable policies providing for translation and interpretation in unemployment insurance processes. Simple outreach plans by state agencies can ensure that non-English speaking workers know how to apply for the benefits to which they are entitled.
- With Latino workers more likely to be employed in low-wage, part-time, seasonal or temporary agency work, states can adopt policies that ensure these "nonstandard" work arrangements provide UI benefits to jobless workers. In the past five years, twenty-five states have done so. For example, since 2001, six states have passed legislation to level the playing field for part-time worker's UI applications.
- Low-wage Latino workers who don't earn enough to qualify for UI under traditional rules are helped by the "alternative base period" which allows more recent earnings to count on a UI application. Twenty states have adopted this reform.
- Latino women suffer both a race and gender gap in receipt of unemployment benefits. State policies that provide benefits to those who daily balance their work and family lives can provide equal access to Latina working women.

Unemployment insurance benefits can provide crucial economic stability during unexpected job loss, provide for basic needs during a job search, and keep families out of poverty. These state law provisions are the result of the advocacy of community groups, unions and immigrants' rights groups that recognize that Latinos – with the highest labor force participation rate of all US workers – must share in the support offered by the nation's unemployment insurance programs. These state reforms acknowledge that Latino workers are more likely to engage in the service and sales occupations left out of our decades-old unemployment systems, more likely to suffer temporary job loss, and among the least likely to be able to weather temporary job loss.

This fact sheet accompanies NELP's new handbook: *Changing Workforce, Changing Economy: State Unemployment Insurance Reform Models for the 21st Century*. A short summary of the best practices for Latino workers and their families can be found in the attached table. To order your copy of the book or view model policies, visit <http://www.nelp.org/changingworkforce> or contact Bukola Ashaolu at 212 285 3025, x 117.

Many Latino workers are immigrants to the U.S. Not all immigrants are entitled to unemployment insurance benefits. Generally, a worker must have "work authorization" both during the time that they were employed, and at the time that they are applying for UI in order to qualify. Laws are more liberal in some states. For a more complete discussion of this issue, see *Immigrants' Eligibility for Unemployment Benefits – a Fact Sheet for Workers* (April 2002), at <http://www.nelp.org/docUploads/pub124%2Epdf>.

Table 1– UI usage in states with large Hispanic jobless population, 2001-2003

	% of UI Recipients who are Hispanic	% of all Jobless Workers who are Hispanic	Difference in Share (A) - (B)
Texas	30.7%	37.6%	-6.8%
Colorado	16.8%	23.3%	-6.6%
New Mexico	54.4%	60.4%	-6.0%
New York	13.2%	19.2%	-6.0%
North Carolina	2.9%	7.7%	-4.9%
Arizona	32.3%	34.9%	-2.5%
Illinois	14.0%	15.7%	-1.6%
California	34.9%	36.5%	-1.6%
Massachusetts	10.8%	12.0%	-1.2%
New Jersey	19.5%	17.4%	2.1%
Florida	28.2%	26.0%	2.2%

Authors analysis of the Current Population Survey and Employment and Training Administration, form 203 data.

All data is a three average from 2001-2003. Data calculated by the National Employment Law Project.



55 John Street, 7th Floor,
New York, NY 10038
(212) 285-3025 • www.nelp.org •
nelp@nelp.org • (212) 285-3044 (fax)

References:

¹ The Survey of Income and Program Participation provides a vehicle to compare UI reciprocity among groups while they are unemployed. SIPP estimates are lower than standard UI reciprocity rate, because the survey does not capture all UI benefit payments and defines unemployment slightly differently than the Current Population Survey.

A visual essay: Blacks, Asians and Hispanics in the civilian labor force, MONTHLY LABOR REVIEW, 64 (June 2004).
U.S. general accounting Office, UNEMPLOYMENT INSURANCE, ROLE AS SAFETY NET FOR LOW-WAGE WORKERS IS LIMITED (2000).
Wayne Vroman, Low Benefit Reciprocity in State Unemployment Insurance Programs (June 2001).

U.S. Census Bureau, 2000 Census, Summary File 3 – Sample Data: Table PCT11. Language Spoken at Home by Ability To Speak English For The Population 5 Years and Over (Hispanic or Latino).

U.S. Census Bureau, 2000 Census, and Summary File 1 – 100 Percent Data: Table. P4. Hispanic or Latino, and Not Hispanic or Latino by Race; U.S. Census Bureau, 1990 Census Summary Tape File 1 – 100 Percent Data: Table. P008. Persons of Hispanic Origin.