

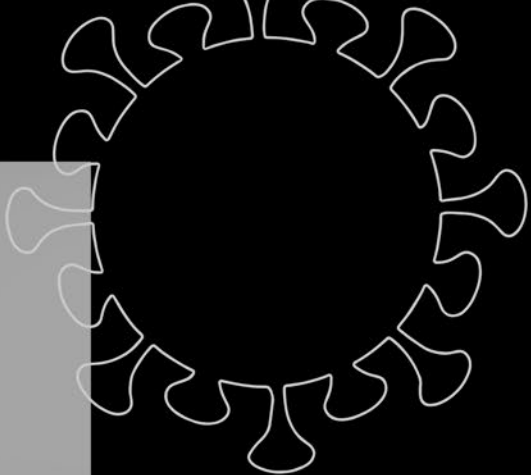
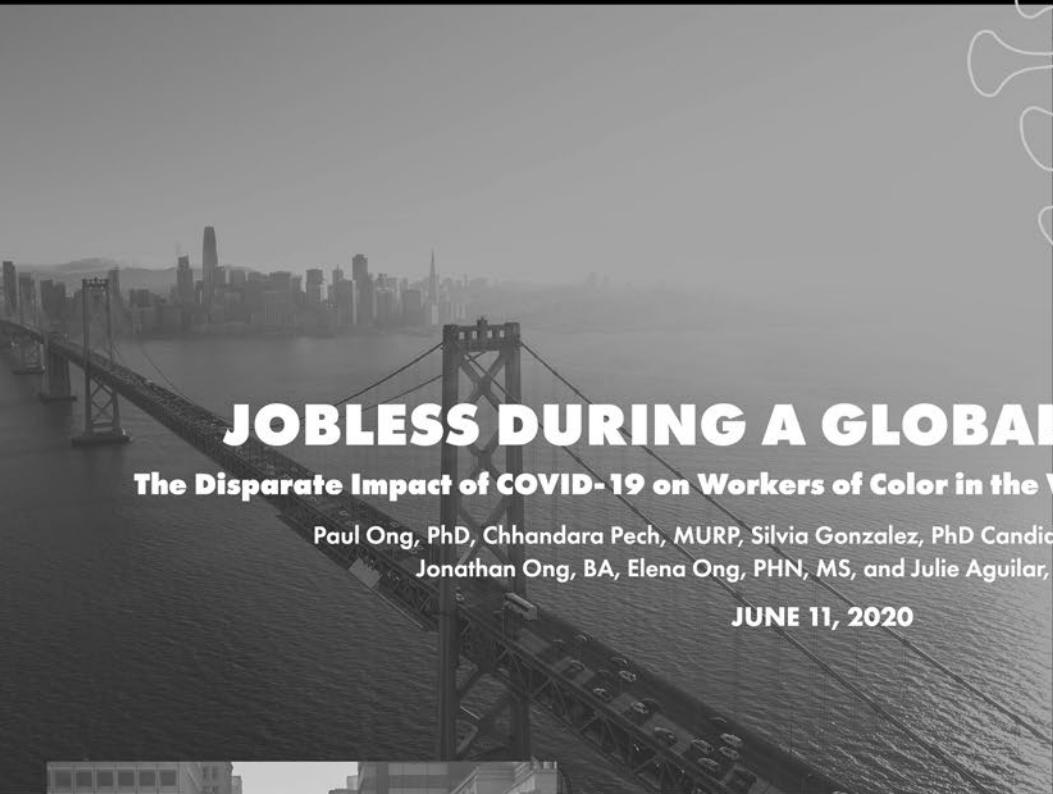


## **JOBLESS DURING A GLOBAL PANDEMIC**

**The Disparate Impact of COVID-19 on Workers of Color in the World's Fifth Largest Economy**

Paul Ong, PhD, Chhandara Pech, MURP, Silvia Gonzalez, PhD Candidate, Sonja Diaz, JD, MPP,  
Jonathan Ong, BA, Elena Ong, PHN, MS, and Julie Aguilar, MPP Candidate

JUNE 11, 2020

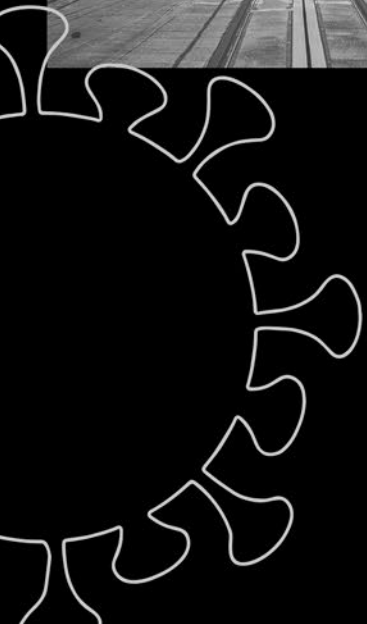
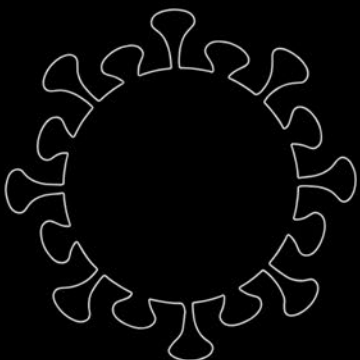


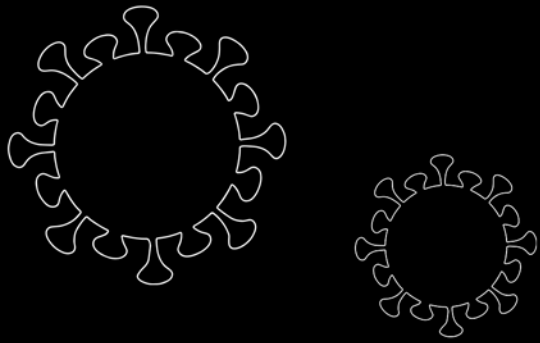
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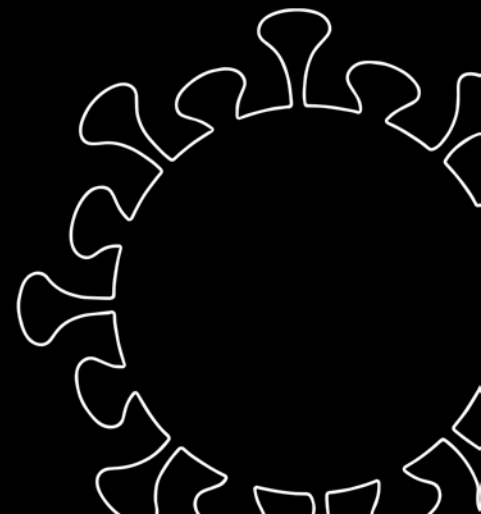
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## EXECUTIVE SUMMARY

COVID-19's direct and indirect disruptions are creating enormous financial hardships to workers, families, businesses, and communities. As of May 28, 2020, California reported 103,886 confirmed cases and 4,068 deaths.<sup>1</sup> The magnitude of the economic impacts is most evident in the dramatic increase in jobless Americans. Between mid-February and mid-April, the nation lost about 25 million jobs,<sup>2</sup> with about 3 million in California,<sup>3</sup> the most of any state in the country. This level is several orders of magnitude higher than any other two-month period in previous years, including any point during the Great Recession.<sup>4</sup> To address the economic shocks and joblessness resulting from the coronavirus pandemic, the federal government and the State of California have enacted COVID-19 relief measures.<sup>5</sup> Yet, many of these measures exclude vulnerable Californians who are critical to the world's fifth-largest economy and who will play an outsized role in economic recovery.

This report examines the California labor force—both salary and wage earners—to identify workers who are jobless as a result of COVID-19, and the direction and magnitude of racial/ethnic disparities. It examines the totality of the pandemic's effect through mid-April 2020. Not all jobless individuals are properly considered in recent data on the impact of the coronavirus pandemic on California's labor force. An important distinction among COVID-19 jobless individuals is whether they receive unemployment benefits. Since both the state and federal governments have addressed the pandemic's economic devastation to workers by expanding the Unemployment Insurance ("UI") program, we calculate the number of jobless Californians who are eligible for UI and those who are unable to receive benefits. As officials have sought to "flatten the curve" and prevent the number of new cases from overwhelming the healthcare system by limiting person-to-person interactions, restricting group gatherings, encouraging "physical distancing," and ordering people to "shelter-in-place,"<sup>6</sup> policymakers have extended the UI benefit period and increased benefits to reduce risk of infection.<sup>7</sup> Yet the reliance on UI benefits, a system that is less equipped to protect low-wage workers in the service sector, excludes undocumented workers and other vulnerable workers, including those new to the labor force and those with low wages. As a result, millions of Californians are left further exposed to hardship during the pandemic.

### Key Findings:

- California led the nation in the number of jobs lost as a result of the COVID-19 pandemic, with over 3 million Californians losing their jobs.
- Over 900,000 displaced Californians had withdrawn from the labor market as a result of the pandemic.
- Roughly 1 million Californians, representing over a quarter of jobless individuals, are not covered by Unemployment Insurance.
- Latino and Black residents had jobless rates of 22% and 26%, respectively, compared to only 17% for white and Asian residents.
- While Latinos make up over a third of individuals covered by Unemployment Insurance, they represent over half of all jobless individuals that are not covered by Unemployment Insurance.

- Undocumented immigrants comprise over a third to nearly half, or between 350,000 to 500,000, of the non-UI covered jobless individuals.

As state lawmakers execute relief and recovery reforms, the need to protect vulnerable Californians who have been disproportionately affected by the health and economic ramifications of COVID-19 should be supported through an expansion of the social safety net. Going into this pandemic, California ranks second in a list of the top 10 states with the most unprepared UI trust funds to cover a surge in unemployment because of its outsized share of leisure and hospitality workers and its solvency level.<sup>8</sup> Governor Newsom's plan to extend UI to jobless Californians who are currently ineligible<sup>9</sup> can go further by mandating that rebates are comparable to the current UI rebate amount and that eligibility includes our most vulnerable Californians. It is incumbent upon policymakers to protect economically vulnerable Californians, which includes large shares of the state's plurality population (Latinos) and other Californians of color, so that California remains the world's fifth largest economy.



## INTRODUCTION: FILLING THE UNEMPLOYMENT INSURANCE COVERAGE GAP

Unfortunately, the UI program is not designed to meet the unprecedented surge in claims nor the prolonged duration of joblessness that is a result of the COVID-19 crisis. In response to the Great Recession, many states responded by tightening eligibility requirements for UI, lowering benefit levels, and reducing benefit duration.<sup>10</sup> Despite the surge in UI application and enrollment, not all jobless workers are able to enroll in the program. This is because they may have quit their job, do not meet the required minimum earnings (particularly true of new labor-market entrants and reentering workers, off-the-book and informal workers), have exhausted benefits, were self-employed or contract workers, or are undocumented.<sup>11</sup> Some don't know that they can apply, and others do not have access to the information or technology to apply. A recent national study found that nearly three-quarters of the unemployed did not apply for UI benefits, with the majority of non-applicants believing that they were ineligible for UI benefits.<sup>12</sup> Factors like occupational segregation and labor market discrimination further complicate access to UI for women and people of color.<sup>13</sup>

Some of the shortfalls associated with UI are addressed in the "CARES Act." Specifically, the CARES Act provides an additional \$600 of weekly benefits, extends the total number of weeks of financial assistance up to 39 weeks, and grants states the option to expand benefit eligibility.<sup>14</sup> The federal government gave states the option to extend unemployment compensation to independent contractors and other workers who are ordinarily ineligible for UI benefits, which California pursued.<sup>15</sup> These temporary changes to UI have been effective for those in the program. Under these changes, a typical California UI recipient would receive more than the wages earned prior to COVID-19,<sup>16</sup> and these increased benefits would provide essential relief to some of the most vulnerable Californians, namely low-wage workers and their families.<sup>17</sup>

While the CARES Act is a significant improvement to the pre-existing UI program, our analysis indicates that nearly one million COVID-19 jobless Californians are unable to benefit from the expanded UI provisions.<sup>18</sup> Among those excluded from the program, about half are undocumented—who are perhaps the most in financial need. Although the State of California has attempted to address this disparity, more still needs to be done in order to provide necessary economic relief to Californians who play an outsized role in the world's fifth-largest economy.

## METHODOLOGY

Unfortunately, no single data source can provide precise details on the nature, pattern, and magnitude of the COVID-19 disruption to the labor market. Our approach is to triangulate an empirical accounting of the pandemic's impact on the California labor market through the utilization of five data sources: the Current Population Survey (CPS),<sup>19</sup> Current Employment Statistics (CES) survey,<sup>20</sup> Unemployment Insurance (UI) claims (derived from U.S. Department of Labor and Employment and Training Administration [DOLETA] and supplemented by UI data from the California Policy Lab),<sup>21</sup> and the 2018 American Community Survey (ACS) Public Use Micro Sample (PUMS).<sup>22</sup> <sup>23</sup> We derive data on labor force participation, employment, and unemployment from the CPS. Information on changes in job counts (overall jobs and by industry) comes from the CES. Data on weekly unemployment insurance claims comes from the U.S. Department of Labor's Employment and Training Administration (DOLETA). The 2018 ACS PUMS is used to estimate each racial and ethnic groups' baseline unemployment rate (in 2018) and is included for comparison purposes.

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To account for the discrepancy between the number of jobs lost and the increase in the number of unemployed, we use the concept of **joblessness**, which is defined for this report as including both those reported as unemployed (those actively looking for a job and willing to accept an offer) and what is known as discouraged workers (those who want employment but are not actively engaged due to external factors like job shortages, discrimination, or a lack of requisite skills).<sup>24</sup> The concept of discouraged workers has expanded during the pandemic to include an additional external factor, which is the prohibitive transaction cost of a job search during a pandemic with shelter-in-place mandates.

We use PUMS to identify racial/ethnic demographic information. We estimate the racial composition of the jobless population, although we don't have such information by using existing data sources through a simulation model. We do this in two parts: 1) estimate the April 2020 unemployment rate for five racial/ethnic groups (white, Asian American, Black, Latino, and others)<sup>25</sup> and 2) estimate the racial/ethnic groups' share of baseline unemployment.

For a given racial group, the number of jobless persons is defined as the sum of two components:

$$\text{Group's Jobless count} = (\text{Group's Baseline unemployment}) + (\text{Group's COVID-19 job losses})$$

We use the following to estimate baseline counts:

$$\text{Group's Baseline unemployment} = (\text{Group's 2018 share of unemployment}) \times (\text{Total pre-COVID-19 unemployment})$$

Total pre-COVID-19 unemployment is defined as the number of unemployed reported for February 2020 in the CPS. A racial/ethnic group's share of COVID-19 job losses is defined as a share of total job losses (that is the second component of the first equation shown above). We estimate this by assigning displacement or unemployment risk (as calculated from the March and April 2020 CES). The risk varies by sectors (primarily categorized by the impact of shelter-in-place mandates) and by previous unemployment risk (based on 2018 ACS PUMS). In other words, workers had a higher chance of losing a job if they had worked in a high-risk sector and had a higher chance of being "first fired." The racial/ethnic group's total COVID-19 job losses is the sum of the estimated job losses in four labor-market sectors (leisure and hospitality, non-essential retailing, personal services, and residual other). These estimates are then used to calculate joblessness rates by racial/ethnic group, along with the 2018 unemployment rates and a modified unemployment rate using the micro-sample from the April 2020 CPS, which includes the "want-to-work" as being unemployed.<sup>26</sup>

To examine whether racial/ethnic minorities are overrepresented among jobless Californians who do not receive unemployment insurance, we estimate the racial composition of those covered and not covered by unemployment insurance. To do this, we use statistics from the California Policy Lab to estimate the racial distribution of UI benefits,<sup>27</sup> and we use the cumulative count of initial claims from March 15 to April 17, 2020.<sup>28</sup> We are confident about our simulated estimates' relative size and ranking, but we are less confident about the precision and accuracy of exact percentages.

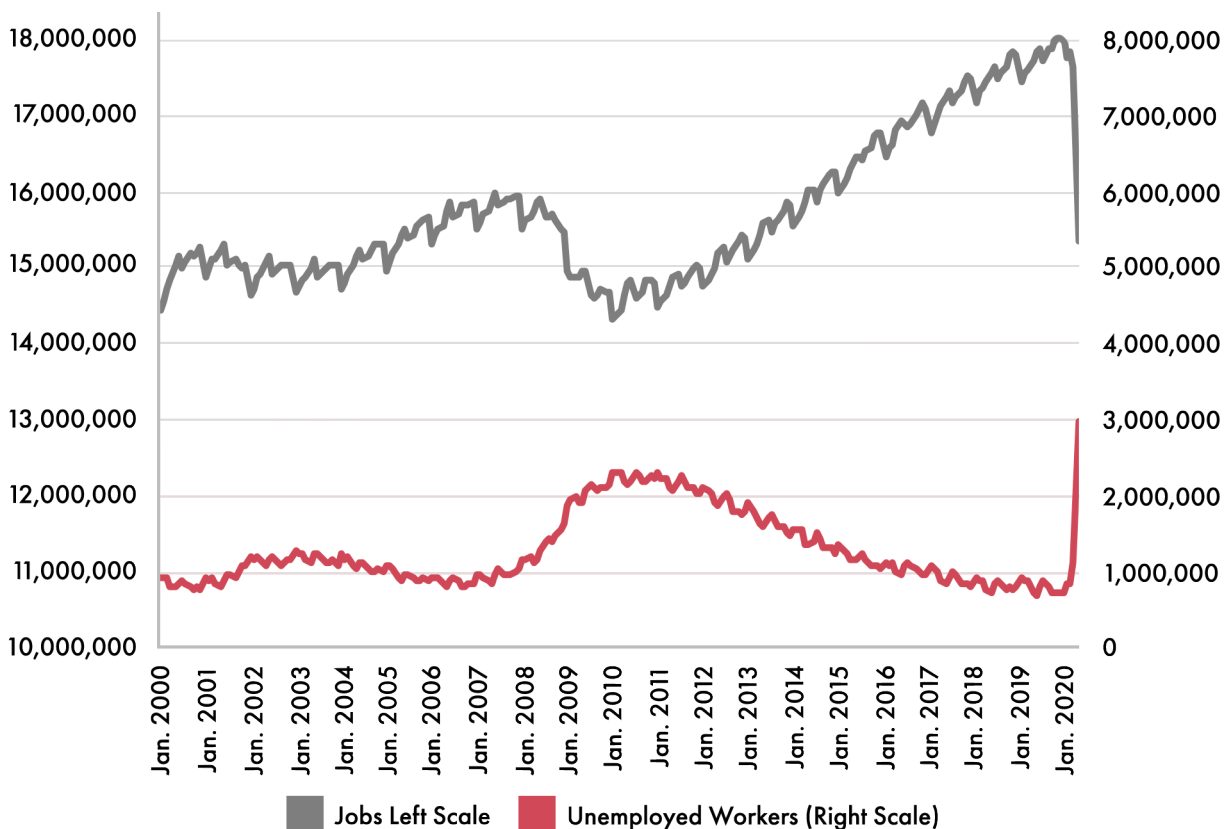


**FINDING I: CALIFORNIA LEADS THE NATION IN JOB LOSSES & UNEMPLOYMENT DUE TO COVID-19**

Throughout the coronavirus pandemic, many businesses were required by government orders to stop operating or found it unprofitable to stay open. COVID-19 related shelter-in-place ordinances divided the labor market into three segments: (1) essential workers, (2) non-essential workers able to work remotely, (3) and non-essential workers unable to work remotely. Essential workers include those who are “needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as the State Public Health Officer may designate as critical to protect health and well-being of all Californians.”<sup>29</sup> Most of the employees in this segment have continued to work despite having to often take health risks by continuing to interact with customers, patients, and the public. Among non-essential workers, many were able to work remotely from home. This is particularly true for white-collar employees and professionals. The group hit the hardest were non-essential workers who could not work remotely or worked for a firm that shut down.

The impact of COVID-19 on the labor market can be seen in **Figure 1**, which traces the number of jobs and unemployed workers reported by the CES and CPS.<sup>30</sup> Compared to the Great Recession, which officially lasted from December 2007 to June 2009, the COVID-19 recession is deeper and spans a much shorter time period.

**Figure 1: Jobs and Unemployment in California, January 2000-April 2020**



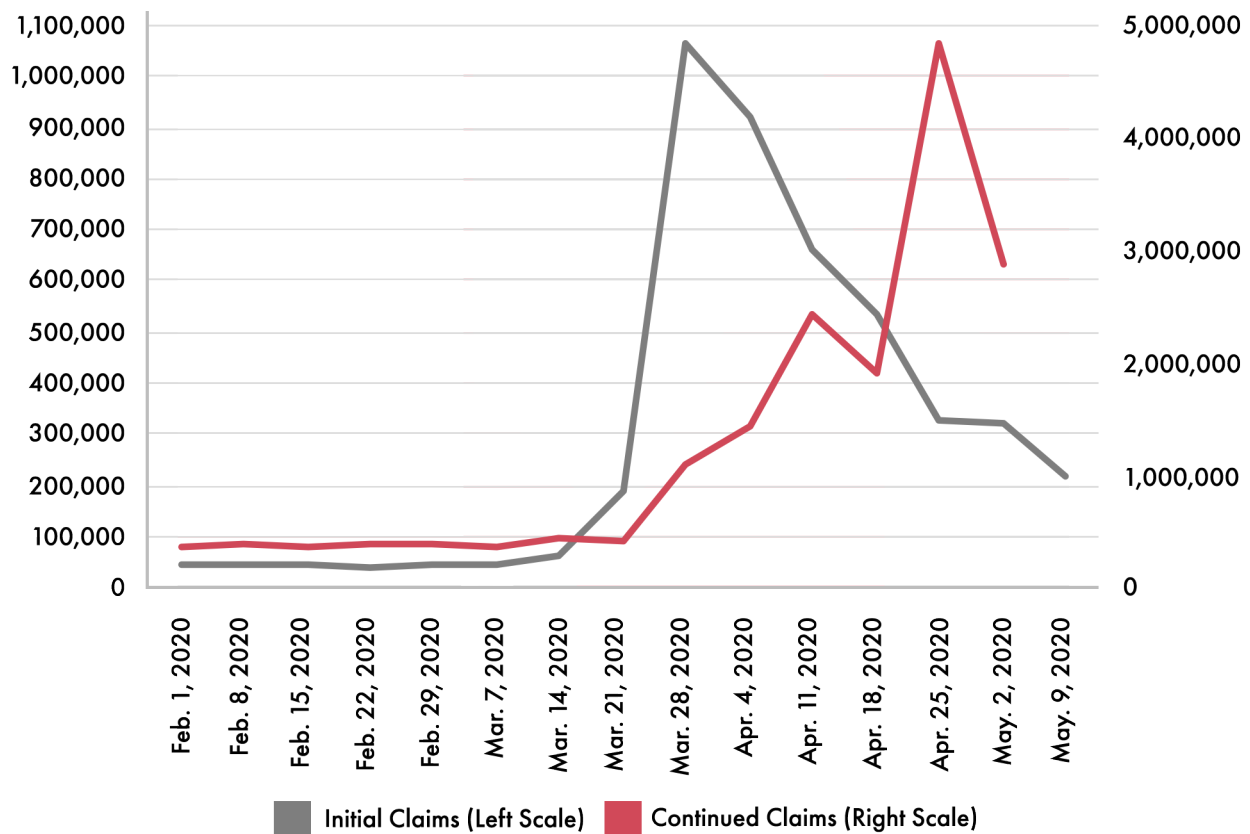
Source: Based on CES and CPS data collected by CA Employment Development Department

Between March and April 2020, total job losses in California numbered around 2.3 million,<sup>31</sup> the most of any state in the country. Unemployment in California increased by about 1.8 million between March and April 2020, and 2.1 million between February and April. The difference between job losses and change in the number of unemployed could be partially due to the increase in dislocated workers not actively seeking a job because of the lack of openings during the public-health crisis or those who dropped out of the labor market because of health-related issues.

## FINDING II: CALIFORNIA'S UNEMPLOYMENT INSURANCE PROGRAM CLAIMS PEAKED AT 4.8 MILLION DURING COVID-19

COVID-19's impact on California's UI program is evident in **Figure 2**. The number of initial claims was over three times as high as the week of March 15, compared to the previous week (186,000 and 57,000, respectively). The number spiked at over a million in the subsequent week (March 22 to 28), coinciding with the implementation of state and local shelter-in-place mandates. While initial claims steadily declined over the next few weeks, levels have remained several times as high as the levels before the COVID-19 crisis. As the graph shows, the growth in continued claims lagged behind the surge of initial claims due to the difficulties of processing and reviewing the avalanche of applicants. The number of continued claims peaked at 4.8 million for the week, April 19, which included back payments.

**Figure 2: California Weekly Unemployment Insurance Claims, February 1st through May 9, 2020**



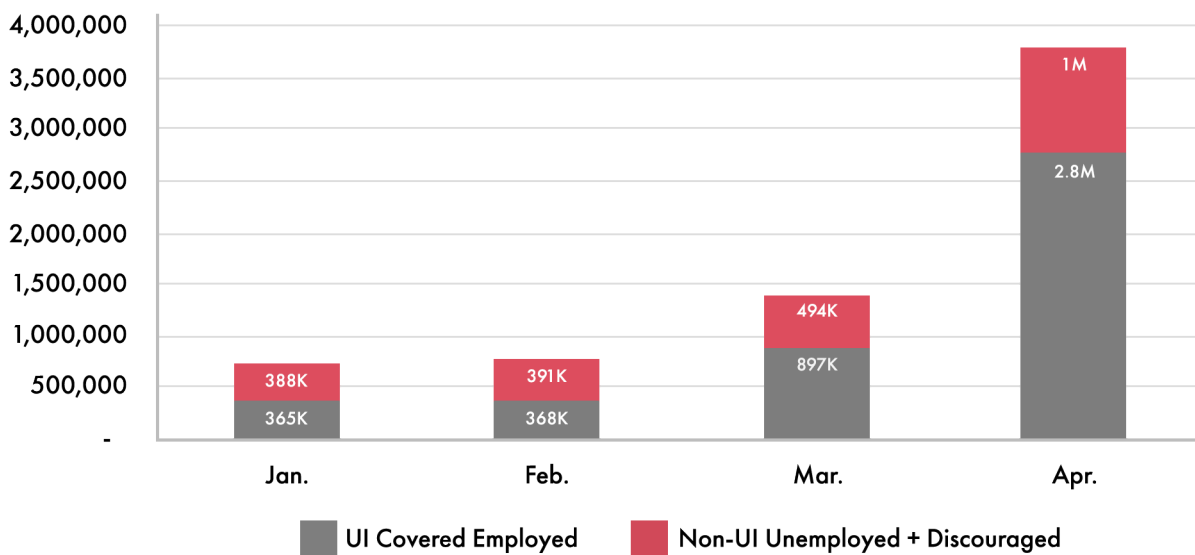
Source: U.S. Dept. of Labor's Employment and Training Administration

**FINDING III: 27% OF ALL CALIFORNIANS WHO HAVE EXPERIENCED A JOB LOSS DUE TO COVID-19 ARE INELIGIBLE FOR UNEMPLOYMENT INSURANCE**

Despite the surge in UI application and enrollment across the country and in California, some individuals are not enrolled or ineligible for the program. This is true for a variety of reasons: individuals quit their jobs, do not meet the required minimum earnings, have exhausted benefits, or were self-employed. In some instances, individuals do not know that they can apply because of a lack of information and outreach about the program.

We estimate UI coverage of the jobless by first estimating the average number of unemployed covered each month. This is done by using a four-week moving average of continued claims.<sup>32</sup> For April, we adjust for the effects of delayed benefits. California’s four-week moving average of continued claims for April 2020 is approximately 2.8 million persons.<sup>33</sup> In other words, over a quarter (27%) of jobless individuals (unemployed and discouraged workers) were not covered by UI in April (See **Figure 3**).

**Figure 3: California Jobless Worker Counts, January-April 2020**



Source: Estimates by authors using CPS, CES, and UI data

**FINDING IV: ONE-IN-FIVE CALIFORNIA WORKERS IS JOBLESS DUE TO COVID-19**

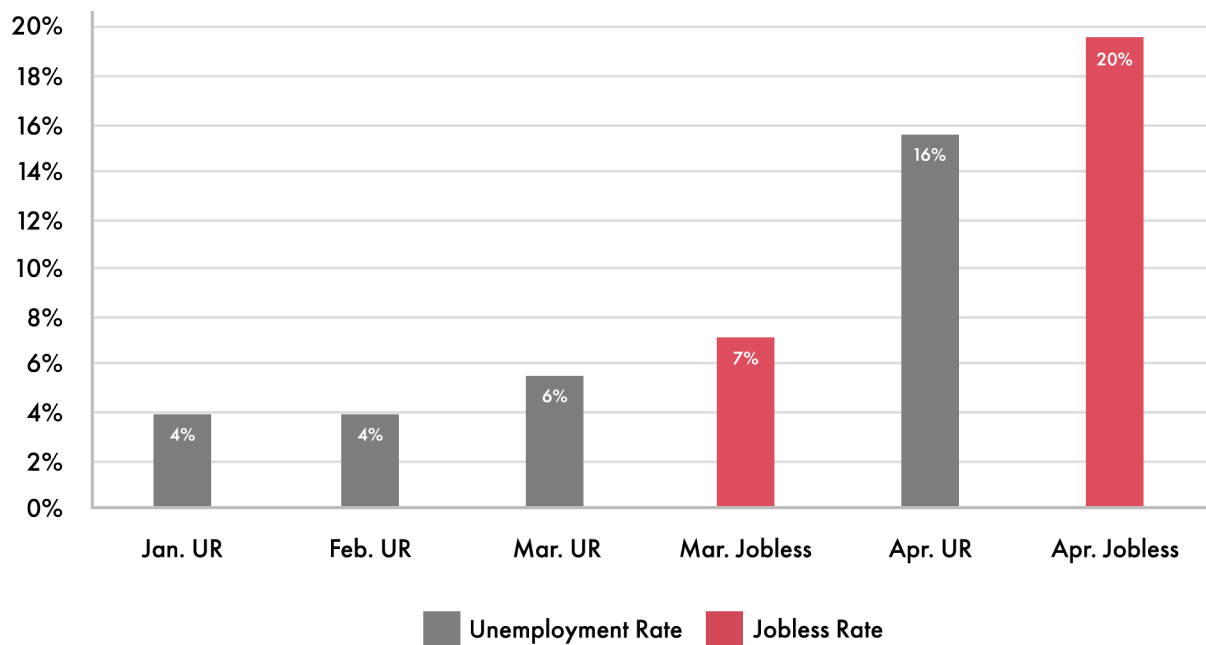
California residents who face joblessness, including those who are unemployed and those known as discouraged workers,<sup>34</sup> substantially increase the number of people who are out of work during COVID-19. We define the universe of COVID-19 discouraged workers as those who were in the labor market prior to the pandemic but have withdrawn during the crisis. (In other words, we do not include pre-existing discourage workers.) This definition is operationalized as the decline in the labor force from February to April 2020. The cumulative number of discouraged workers in California since February is 0.95 million.<sup>35</sup> This estimate is a conservative because it is less than a tenth of the national number of people who want a job but are not actively searching (9.9 million).<sup>36</sup> While discouraged workers

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and those wanting a job are not equivalent concepts, the comparison indicates that our estimates of COVID-19 discouraged workers are reasonable.<sup>37</sup>

**Figure 4** reports the official CPS unemployment rates for California (grey bars) along with the joblessness rates (red bars). As context, the CPS unemployment count is 2.89 million for April 2020, an increase of 2.13 million since February. California's total estimated joblessness count (unemployed plus discouraged) is 3.83 million. Including COVID-19 discouraged workers would add four percentage points to the state's official CPS unemployment rate (15.5%) for April, resulting in a jobless rate of nearly one-in-five workers (19.6%).<sup>38</sup>

**Figure 4: California Unemployment and Joblessness Rates, January - April 2020**

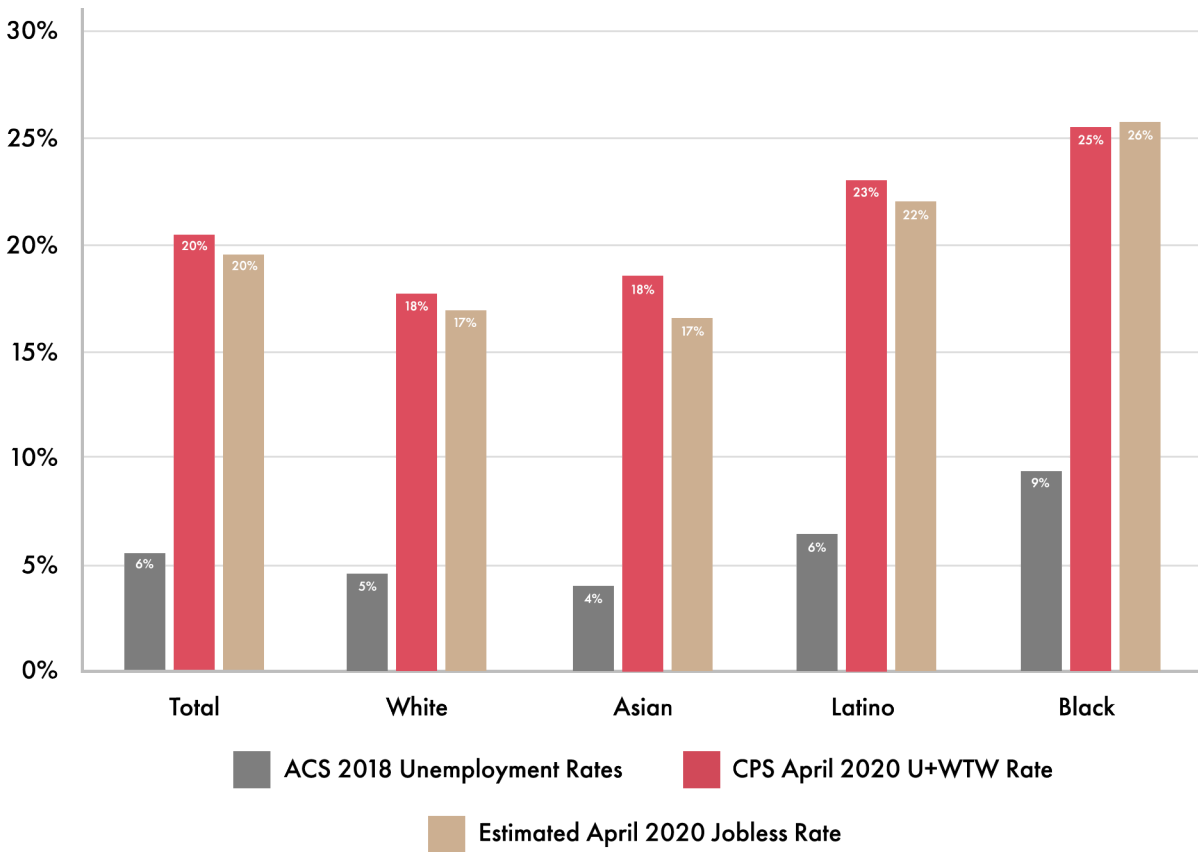


Source: Estimates by authors using January to April 2020 CPS

### **FINDING V: 26% OF BLACK RESIDENTS AND 22% OF LATINO RESIDENTS ARE JOBLESS IN CALIFORNIA DURING COVID-19**

As mentioned earlier, California's estimated overall April 2020 jobless rate is between 19 and 20 percent, which is three to four times higher than the 2018 unemployment rate.<sup>39</sup> (The 2018 unemployment rate is included in **Figure 5** to serve as a reference point for comparison). **Figure 5** illustrates California's unemployment rate for April 2020, showing that although all racial/ethnic groups experienced a significant increase as a result of COVID-19, it was highest for Black and Latino Californians. **Figure 5** also illustrates California's April 2020 jobless rate, which is within a few percentage points of the modified unemployment rate based on the CPS. During the COVID-19 crisis, the respective jobless rates are 22% and 26% for Black and Latino Californians, respectively. In comparison, the jobless rates for white and Asian Californians are 17%.<sup>40</sup>

Figure 5: California Unemployment and Jobless Rates, 2018 and April 2020



Source: 2018 ACS PUMS, 2020 April CPS, and 2020 April CES

Note: U+WTW = Unemployed + "Want-to-Work"

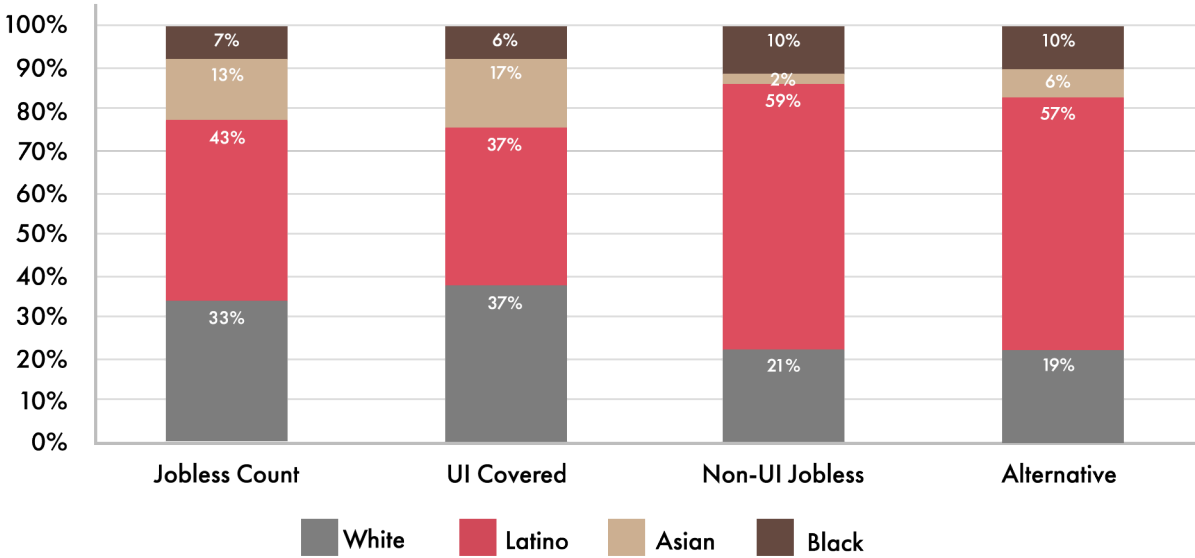
**FINDING VI: OVER HALF OF JOBLESS CALIFORNIANS WHO ARE NOT ELIGIBLE FOR UNEMPLOYMENT INSURANCE ARE LATINO**

An important question is whether Californians of color are overrepresented among the state’s jobless residents who do not receive unemployment insurance. **Figure 6** illustrates our simulated estimates of jobless Californians in April 2020 by race/ethnicity. Latino and Black Californians make up a significantly smaller share of the UI covered population than their share of the non-UI jobless population. Latinos make up over a third of the state’s UI covered population, making up over half of those that do not have UI coverage. Blacks comprise less than one-in-fifteen UI beneficiaries but about one-in-ten of those without UI coverage. Based on these estimates, Black and Latino Californians are about one and a half times more likely not to be covered by UI than other racial/ethnic groups. We developed an alternative scenario to account for the unique experiences of Asian Americans, since this demographic group experienced COVID-19 labor-market impacts earlier and more deeply due to anti-Asian discrimination, hate crimes, and avoidance of Asian-American owned businesses.<sup>41</sup> Rerunning our simulated estimate model of joblessness by race/ethnicity to account for the unique experience of Asian Americans, results in increasing the Asian American share of non-UI from less than three percent to nearly six percent.<sup>42</sup>

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This alternative scenario has a minor impact on the shares for other groups, and Latino and Black Californians remain disproportionately overrepresented among those not receiving UI benefits.

**Figure 6: California’s April 2020 Share of Jobless Individuals by UI Coverage and by Race/Ethnicity**



Source: Estimates by authors data from DOLETA and California Policy Lab



## CONCLUSION

This report examines California's labor force to identify workers who are jobless as a result of COVID-19, and the direction and magnitude of racial/ethnic disparities. We find that over a quarter of jobless Californians are not covered by unemployment insurance, with Latinos and Blacks representing the largest shares of vulnerable residents. They are unemployed and unable to receive UI relief. Black and Latino Californians are about one and a half times more likely not to be covered by UI compared to other racial groups. Further, undocumented workers likely comprise a disproportionate share of the jobless individuals outside the UI system, since many of those residents are prohibited from collecting UI.

## POLICY RECOMMENDATIONS

The following policy recommendations are aimed to support and protect marginalized populations who face difficulty or are barred from accessing UI benefits during the current health and economic crisis:

- 1. Expand Access to UI Benefits & Close the UI Eligibility Gap**
  - a.** Ensure every category of worker has access to UI benefits in the event of job loss, involuntary reduction of hours, or other COVID-19 job related impact.
  - b.** Fill wage gaps for uncompensated workers who need to take leave, including those who have to quarantine themselves, care for a family member, or are unable to perform their normal duties because of risk of infection.
  - c.** Appropriate funds to support targeted outreach efforts to ensure all eligible workers have access to culturally and linguistically competent information and technical assistance to successfully apply for UI benefits.
- 2. Expand the Social Safety Net for Vulnerable Californians**
  - a.** Increase funding and access for other social safety net programs, especially access to healthcare.
  - b.** Institute new policies like debt forgiveness, forbearance regulations, housing assistance, ongoing stimulus payments, and broadband internet access.
- 3. Prioritize the Needs of Immigrant Workers & Families**
  - a.** Expand California's Coronavirus (COVID-19) Disaster Relief Assistance for Immigrants to provide benefits to at least half of California's undocumented population.<sup>43</sup>
  - b.** Expand eligibility to California's Earned Income Tax Credit to ITIN filers.
- 4. Provide Direct Economic Recovery Funding to the Most Vulnerable Californians**
  - a.** Enact federal and state policies to fund programs that equip economically displaced persons with job skills that are marketable during and after the COVID-19 crisis.
  - b.** Mandate the collection and analysis of demographic, geographic, and economic data to assess the efficacy of COVID-19 related state appropriations.
  - c.** Institute equitable distribution of recovery funds whereby workers that reside in economically vulnerable communities, including those that have historically been excluded from economic development, are able to secure the necessary resources to ensure a robust recovery.



## APPENDIX A: DATA SOURCES

The descriptions below are based on text taken directly from the websites and documents for each data source.

**The Current Population Survey** is sponsored jointly by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS) and is the primary source of labor force statistics for the population of the United States. It is the primary source for U.S. labor force statistics. The survey includes a representative sample of about 60,000 homes and focuses on those individuals who are 15 years and older to make an inferential assumption about the U.S. population as a whole. The survey asks about the employment status of each member of the household 15 years of age or older as of the calendar week containing the 12th day of the month.

In the Current Population Survey, people are classified as unemployed if they meet all of the following criteria:

- Not employed during the survey reference week.
- Available for work during the survey reference week, except for temporary illness.
- Made at least one specific, active effort to find a job during the 4-week period ending with the survey reference week (see active job search methods) OR they were temporarily laid off and expecting to be recalled to their job.
- People waiting to start a new job must have actively looked for a job within the last 4 weeks in order to be classified as unemployed. Otherwise, they are classified as not in the labor force.

This report includes both pre-tabulated data (information already generated by the BLS) as well as information derived from the CPS public use microdata (“Basic Monthly CPS”) files, specifically for the months of February and April 2020. The latter allows for special tabulations of information not published or readily available on the BLS’s website. For this report, we used the microdata files to generate statewide information on unemployment rates broken down by race and ethnicity and information on whether those surveyed “want-to-work” (“Do you currently want a job, either full or part time?”).

**The Current Employment Statistics** program is a monthly survey conducted by the Bureau of Labor Statistics. Data produced from the CES survey include nonfarm employment series for all employees, production and nonsupervisory employees, and women employees, as well as average hourly earnings, average weekly hours, and average weekly overtime hours (in manufacturing industries) for both all employees and production and nonsupervisory employees. Payroll employment data are published for both private and government sectors. These data are available for nonfarm industries. The survey reference period is the pay period including the 12th of the month. This can vary according to an establishment’s length of pay period, a factor considered when compiling the data. The CES program is a federal-state cooperative program and is based on approximately 145,000 businesses and government agencies representing approximately 697,000 worksites throughout the United States. CES data are classified and reported by industries using the 2017 North American Industry Classification System (NAICS).

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**The 2018 American Community Survey Public-Use Micro Sample Data (ACS PUMS)** The ACS is a continuous survey conducted by the U.S. Census Bureau to collect housing, demographic, social and economic information. On an annual basis, the sample represents about 2.0-2.5% of households and individuals, and the PUMS contains a subset of about 1% of households and individuals. We use information from the civilian workforce 16 years of age and older in our analyses. This includes those employed at work or with a job but not at work, and unemployed adults. We also include their race and ethnicity, employment industry to identify workers in industries impacted by COVID-19 (retailing, hospitality and personal services) as well as information to estimate entry and re-entry rates and identify low-income earners.

**The U.S. Department of Labor's Employment and Training Administration (DOLETA)** provides weekly unemployment insurance claims data for each state. The unemployment insurance weekly claims data are used in current economic analysis of unemployment trends in the nation, and in each state. UI claims data are also used by the private sector to assess the state of the labor market and economy. The weekly release of data allows for frequent updates on the levels of unemployment. UI claims can be broken down into two categories:

- Initial claims are an employment report that measure the number of new jobless claims filed by individuals seeking to receive unemployment benefits.
- Continuing claims, also referred to as insured unemployment, measure workers who have already filed an initial claim, and who have experienced a week of unemployment and then filed a continued claim to claim benefits for that week of unemployment. Continued weeks claimed measure the number of persons claiming unemployment benefits.

**The California Policy Lab (CPL)** creates data-driven insights for the public good by facilitating close working partnerships between policymakers and researchers at UCLA and UC Berkeley to help evaluate and improve public programs through empirical research and technical assistance. Through a partnership with the Labor Market Information Division of the California Employment Development Department, CPL is analyzing daily initial UI claims to provide an in-depth and near real-time look at how the COVID-19 crisis is impacting various industries, regions, counties, and types of workers throughout California. CPL analyses are updated on a bi-weekly basis and data are made available to the public. We use the CPL's reported data on UI coverage by race and ethnicity to supplement UI data derived from the U.S. Department of Labor's Employment and Training Administration.

## ENDNOTES

- <sup>1</sup> California Department of Public Health, “COVID-19 Updates,” accessed May 29, 2020, available at: <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/Immunization/ncov2019.aspx#>.
- <sup>2</sup> U.S. Bureau of Labor Statistics, “Labor Force Statistics from the Current Population Survey,” accessed May 24, 2020, available at: <https://www.bls.gov/cps/>.
- <sup>3</sup> U.S. Bureau of Labor Statistics, “Local Area Unemployment Statistics (LAUS) Program,” accessed May 24, 2020, available at: <https://www.bls.gov/lau/>.
- <sup>4</sup> Heather Long and Andrew Van Dam, “U.S. Unemployment Rate Soars to 14.7 Percent, the Worst Since the Depression Era,” *The Washington Post*, May 8, 2020, available at: <https://www.washingtonpost.com/business/2020/05/08/april-2020-jobs-report/>.
- <sup>5</sup> H.R. 748, The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), was signed into law by President Trump and aimed to provide economic relief to workers, households, and other entities. Full text available at: <https://www.congress.gov/bill/116th-congress/house-bill/748/text?q=%7B%22search%22%3A%5B%22H.R.+748%22%5D%7D&r=1&s=2>.
- <sup>6</sup> Governor Gavin Newsom, State of California, “Executive Order N-33-20,” March 19, 2020, available at: <https://www.gov.ca.gov/wp-content/uploads/2020/03/3.19.20-attested-EO-N-33-20-COVID-19-HEALTH-ORDER.pdf>; Mayor Eric Garcetti, City of Los Angeles, “Public Order Under City of Los Angeles Emergency Authority,” March 19, 2020, available at: [https://www.lamayor.org/sites/g/files/wph446/f/article/files/SAFER\\_AT\\_HOME\\_ORDER2020.03.19.pdf](https://www.lamayor.org/sites/g/files/wph446/f/article/files/SAFER_AT_HOME_ORDER2020.03.19.pdf).
- <sup>7</sup> Placing limits on UI benefits is a way to minimize perverse incentives to remain unemployed, since the program’s goal is to move individuals back to work as quickly as possible. This intent is complicated during the coronavirus pandemic, where flattening the curve is antithetical to leaving the home to look for work.
- <sup>8</sup> Annelies Goger, Tracy Hadden Loh, and Caroline George, “Unemployment Insurance is Failing Workers During COVID-19. Here’s How to Strengthen It,” Brookings Institute, April 6, 2020, available at: <https://www.brookings.edu/research/unemployment-insurance-is-failing-workers-during-covid-19-heres-how-to-strengthen-it/>.
- <sup>9</sup> Office of the Governor, Gavin Newsom, “Governor Newsom Announces New Initiatives to Support California Workers Impacted by COVID-19,” April 15, 2020, available at: <https://www.gov.ca.gov/2020/04/15/governor-newsom-announces-new-initiatives-to-support-california-workers-impacted-by-covid-19/>.
- <sup>10</sup> Goger, et al, April 6, 2020. “Unemployment Insurance is Failing Workers During Covid-19. Here’s How to Strengthen It,” Brookings Institute, April 6, 2020, available at: <https://www.brookings.edu/research/unemployment-insurance-is-failing-workers-during-covid-19-heres-how-to-strengthen-it/>.
- <sup>11</sup> Rebecca Smith, “Immigrant Workers’ Eligibility for Unemployment Insurance,” National Employment Law Project, March 31, 2020, available at: <https://www.nelp.org/publication/immigrant-workers-eligibility-unemployment-insurance/>; Most undocumented immigrants are currently prohibited from collecting UI, even if their employers may have contributed payments to UI funds. However, some DACA (Deferred Action for Childhood Arrivals) recipients are eligible for UI benefits provided they have valid work authorization and live in a state that extends UI benefits to them. According to one source, California, Colorado, Illinois, Michigan, Texas, and New York extend UI benefits to DACA recipients: <https://www.informedimmigrant.com/guides/daca-coronavirus/#>.
- <sup>12</sup> Bureau of Labor Statistics, U.S. Department of Labor, *The Economics Daily*, “Most Unemployed People in 2018 Did Not Apply for Unemployment Insurance Benefits,” October 1, 2019, available at: <https://www.bls.gov/opub/ted/2019/most-unemployed-people-in-2018-did-not-apply-for-unemployment-insurance-benefits.htm>.
- <sup>13</sup> Mitchell Hirsch, “Unemployment Insurance was Crucial to Workers and the Economy in the Last Recession,” National Employment Law Project, March 23, 2020, available at: <https://www.nelp.org/blog/unemployment-insurance-crucial-workers-economy-last-recession/>.
- <sup>14</sup> H.R. 748, The CARES Act, was signed into law by President Trump; full text available at: <https://www.congress.gov/bill/116th-congress/house-bill/748/text?q=%7B%22search%22%3A%5B%22H.R.+748%22%5D%7D&r=1&s=2>.
- <sup>15</sup> The State of California Employment Development Department’s Pandemic Unemployment Assistance includes up to 39 weeks of benefits from February 2, 2020 through December 26, 2020 for unemployed Californians who are not usually eligible for state UI benefits. This includes business owners, self-employed workers, independent contractors, and those with a limited work history who are out of business or have significantly reduced their services as a direct result of the pandemic. More information available at: [https://edd.ca.gov/about\\_edd/coronavirus-2019/pandemic-unemployment-assistance.htm](https://edd.ca.gov/about_edd/coronavirus-2019/pandemic-unemployment-assistance.htm).
- <sup>16</sup> Peter Ganong, Pascal Noel, and Joseph Vavra, “US Unemployment Insurance Replacement Rates During the Pan-

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demic," University of Chicago, May 15, 2020, available at: [https://cpb-us-w2.wpmucdn.com/voices.uchicago.edu/dist/b/1275/files/2020/05/rep\\_rate-5-15-2020.pdf](https://cpb-us-w2.wpmucdn.com/voices.uchicago.edu/dist/b/1275/files/2020/05/rep_rate-5-15-2020.pdf).

**17** Josh Bivens and Heidi Shierholz, "The extra \$600 in unemployment insurance has been the best response yet to the economic shock of the coronavirus and should be extended," Economic Policy Institute, May 4, 2020, available at: <https://www.epi.org/blog/the-extra-600-in-unemployment-insurance-has-been-the-best-response-yet-to-the-economic-shock-of-the-coronavirus-and-should-be-extended/>.

**18** The report does not cover workers in the "gig economy" or the self-employed. They are eligible for CARES Act assistance, but there may be considerable difficulties because there is no existing data system to verify their status.

**19** The CPS, sponsored jointly by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS), is the nation's primary source of labor force statistics for the entire population. It collects information on a monthly basis about the nation's unemployment rate and provides data on a wide range of issues relating to employment and earnings.

**20** The Current Employment Statistics program is a monthly survey conducted by the Bureau of Labor Statistics. The survey provides employment, hours, and earnings estimates based on non-farm employment payroll records of business establishments. The CES program is a federal-state cooperative program.

**21** The UI data derived from DOLETA is supplemented with the UI data acquired by the California Policy Lab, which through its partnership with the Labor Market Information Division of the California Employment Development Department has access to UI claims broken down by race and ethnicity.

**22** Public-Use Micro Sample from the 2018 American Community Survey is a continuous survey conducted by the U.S. Census Bureau to collect housing, demographic, social and economic information.

**23** This is a working analysis during the coronavirus pandemic, and will be refined as we continue to monitor developments over time. This includes deriving new estimates from CPS micro sample and additional data from CES and UI.

**24** Regardless of the external factor, discouraged workers do not fulfill the CPS criteria to be classified as being unemployed, and as a result do not show up in data on the unemployed. This exclusion is particularly problematic during the COVID-19 crisis, which has radically and profoundly altered the meaning of unemployment for individuals; U.S. Bureau of Labor Statistics, "Frequently Asked Questions: The Impact of the Coronavirus (COVID-19) Pandemic on The Employment Situation for April 2020," May 8, 2020, available at: <https://www.bls.gov/cps/employment-situation-covid19-faq-april-2020.pdf>.

**25** White, Black, and Asians are non-Hispanic. Latino could be of any race. "Other" represents the residual racial/ethnic group (those that do not identify as White, Black, Asian or Latino).

**26** The modified UR is calculated as  $(\text{unemployed} + \text{want-to-work}) / (\text{unemployed} + \text{employed} + \text{want-to-work})$ . We adjust this rate to remove the seasonal adjustment.

**27** Thomas J. Hedin, Geoffrey Schnorr, and Till Von Wachter, "An Analysis of Unemployment Insurance Claims in California During the COVID-19 Pandemic," California Policy Lab, April 2020, available at: [https://www.calpolicylab.org/wp-content/uploads/2020/05/An-Analysis-of-Unemployment-Insurance-Claims-in-California-during-the-COVID-19-Pandemic.pdf?mod=article\\_inline](https://www.calpolicylab.org/wp-content/uploads/2020/05/An-Analysis-of-Unemployment-Insurance-Claims-in-California-during-the-COVID-19-Pandemic.pdf?mod=article_inline); They only report for the four major racial/ethnic groups (NH whites, NH Asians, NH blacks, and Hispanics) and for initial claims since March 15, 2020. The residual "other" category is a relative proportion of the labor force, around 5%, and we assume that this group has approximately the same share of UI initial claims. We applied the augmented CPL share of cumulative initial UI (March 15 to April 17) to allocate the four-week average continued UI claims for April.

**28** There are caveats or limitations to this methodology: 1) it is ideal to use continued UI claims for that time period, but that information is not available, 2) we assume that the racial composition of UI applicants is similar to continued UI claims, and 3) the California Policy Lab only reports for four racial/ethnic groups (white, Asian American, Black, and Latino), and Hispanics) and do not include an 'other' category.

**29** California State Public Health Officer, "Essential Workforce," April 28, 2020, available at: <https://covid19.ca.gov/img/EssentialCriticalInfrastructureWorkers.pdf>.

**30** Compiled by California Employment Development Department's Labor Market Information Division, accessed May 24, 2020, available at: <https://www.labormarketinfo.edd.ca.gov/data/employment-by-industry.html>.

**31** This is slightly lower but roughly similar to the CPS estimate of 2.4 million decline in the number of people working. Please note that the CPS reports larger changes between February and April 2020 than those reported by CES (3.1 million and 2.5 million respectively). The difference is probably due to the inclusion of the self-employment and informal sectors in the CPS.

**32** This serves as a proxy for monthly UI coverage. U.S. Employment and Training Administration, "4-Week Moving Average of Continued Claims (Insured Unemployment)." Retrieved from FRED, Federal Reserve Bank of St. Louis, May

24, 2020, available at: <https://fred.stlouisfed.org/series/CC4WSA>.

<sup>33</sup> This serves as a proxy for monthly unemployment. U.S. Employment and Training Administration, “4-Week Moving Average of Continued Claims (Insured Unemployment).” Retrieved from FRED, Federal Reserve Bank of St. Louis, May 24, 2020, available at: <https://fred.stlouisfed.org/series/CC4WSA>.

<sup>34</sup> Regardless of the external factor, discouraged workers do not fulfill the CPS criteria to be classified as being unemployed, and as a result do not show up in data on the unemployed. This exclusion is particularly problematic during the COVID-19 crisis, which has radically and profoundly altered the meaning of unemployment for individuals. Please see U.S. Bureau of Labor Statistics, “Frequently Asked Questions: The Impact of the Coronavirus (COVID-19) Pandemic on The Employment Situation for April 2020,” May 8, 2020, available at: <https://www.bls.gov/cps/employment-situation-covid19-faq-april-2020.pdf>.

<sup>35</sup> We use February as the baseline because the March 2020 CPS appears to capture some of the early COVID-19 effects. The February to March figure is 0.35 million, or about a third of the cumulative number of discouraged workers.

<sup>36</sup> U.S. Bureau of Labor Statistics, “Frequently Asked Questions: The Impact of the Coronavirus (COVID-19) Pandemic on The Employment Situation for April 2020,” May 8, 2020. This article notes that, “The number of people not in the labor force who currently want a job nearly doubled in April, as the impact of the pandemic kept many individuals from engaging in labor market activity” (Page 7). Further, “If the entire 9.9 million people who want a job but were not in the labor force were added to the total 23.1 million people unemployed in April, the resulting 33.0 million people would represent 19.8 percent of the labor force plus those who want a job. A similar calculation for March results in 7.5 percent” (Page 13).

<sup>37</sup> Those wanting a job may not have been in the labor force in February, thus not a discouraged worker. The lower California count may be due to not factoring in people who would have entered or reentered the labor force in the absence of the health crisis or forced to want employment because of financial strain in the household.

<sup>38</sup> This figure is within the range that Governor Newsom had projected. “Unemployment numbers” in California “will be north of 20 percent,” Newsom said during a COVID-19 briefing; please see George Avalos, “Coronavirus Unemployment: One-fourth of California Workers Could Lose Jobs, Governor Says,” *The Mercury News*, May 11, 2020, available at: <https://www.mercurynews.com/2020/05/11/coronavirus-unemployment-layoff-job-california-great-depression-newsom-tech-retail-restaurant-hotel-construction/>.

<sup>39</sup> The jobless rate is very similar to the modified April 2020 unemployment rate based on CPS, indicating that the jobless rate is likely to be reasonable in capturing the reality of the labor market.

<sup>40</sup> The rate for NH Asians, however, may be an underestimate for reasons discussed later. For this group, the jobless rate is noticeably lower than the modified UR.

<sup>41</sup> Geoffrey Mak, “Being Asian-American in the Time of Covid-19,” *The Guardian*, May 8, 2020, available at: <https://www.theguardian.com/commentisfree/2020/may/08/asian-american-coronavirus-geoffrey-mak>.

<sup>42</sup> In this amended simulation, we increase the number of Asian Americans in the COVID-19 induced job loss counts by 10%.

<sup>43</sup> On April 15, 2020, the Governor announced that there is \$125 million (\$75 million from the state and \$50 million from foundations) in disaster relief assistance for workers ineligible for UI because of immigration status, which will service approximately 150,000 undocumented adult Californians who will receive a one-time cash benefit of \$500 per adult. The current program covers less than 7 percent of jobless workers and the benefit represents about one-sixth of what is provided by the expanded UI program under the CARES Act. Please see Office of Governor Gavin Newsom, “Governor Newsom Announces New Initiatives to Support California Workers Impacted by COVID-19,” April 15, 2020, available at: <https://www.gov.ca.gov/2020/04/15/governor-newsom-announces-new-initiatives-to-support-california-workers-impacted-by-covid-19/>; and California Department of Social Services, “Coronavirus (COVID-19) Disaster Relief Assistance for Immigrants,” May 18, 2020, available at: <https://www.cdss.ca.gov/inforesources/immigration/covid-19-drai>.



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