

THE BROOKINGS INSTITUTION

WEBINAR

RETHINKING UNEMPLOYMENT INSURANCE
AND HOUSING SUPPORT:
POLICIES TO PROTECT WORKERS AND FAMILIES

Washington, D.C.

Tuesday, April 13, 2021

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Chair
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Roundtable Discussion: Policy Options to Reform Housing Support:

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P R O C E E D I N G S

MS. EDELBERG: Hi, welcome to “Rethinking Unemployment Insurance and Housing Support: Policies to Support Workers and Families.” I’m Wendy Edelberg. I’m director of the Hamilton Project, and I am thrilled for the event we have lined up for you today. So, with this event, you will see proposals, that we’ve published today, on rethinking the unemployment insurance system and rethinking about how the housing support system can help the economy, when it enters downturns.

These proposals are part of a larger initiative, that the Hamilton Project has undertaken, throughout the spring. So, sometime time ago, we put out a proposal to rethink the workforce training system, and in about a months’ time, we’ll put out two additional proposals of how the federal government should get involved, much more involved, in the childcare system and in offering paid sick leave to workers.

So, we’d like to think that this is a whole ecosystem of proposals that we are putting out. These are, of course, not the only ideas out there and not the only important parts of the social insurance system, but these are major parts, and we are excited about these proposals that we’ve been putting out this Spring.

So, let me talk to you about today’s event. So, first, we’re going to hear from Chair Rouse. Chair Rouse is the head of the White House’s Council of Economic Advisers, and she will be providing framing remarks, talking about both the proposals and the parts of the social insurance system that we’ll be focusing on today, but also, just more broadly, about efforts around the social insurance system, and how we should be rethinking of it -- rethinking about it, and challenges that we’ve seen over the last year.

Then, our first panel will be on housing. It will be -- sorry, now, I’m looking at my notes. So, you can -- we have two proposals that we’re putting out today. The first is on the unemployment insurance system, by Arin Dube, from the University of Massachusetts at Amherst, and second is a proposal to bolster the housing support system. It is written by Rob Collinson, at the University of Notre Dame, Ingrid Gould Ellen, at New York University, and Ben Keys, at the University of Pennsylvania.

So, on the subject of housing support, the Hamilton Project has also put out a report, just today, that you can see on our website, comparing outcomes for renters and homeowners in recent decades, and documenting some of the particular challenges faced by renters and those who aspire to become homeowners.

The first panel that we will be having, after Chair Rouse's framing remarks, as I said, will be the housing proposal panel. We'll hear from other panelists, with experience both in trenches and from the vantage point of making policy, at very senior levels. We'll hear about policy changes over the past year, to try to confront some of the challenges of not having a robust housing support system in place, during the crisis of the last year. And we'll hear from these panelists about how housing support should be targeted, going forward.

Our second panel will focus on the unemployment insurance system, introducing a proposal to greatly improve how that system works. And we'll be hearing from experts who have been working on these issues for years, from many vantage points, from academic economists to policy makers, to advocates. By the end of this event, you will learn about two components of our social insurance system, that faced enormous challenges over the past year, and where we saw huge changes by policymakers to try to confront those challenges. And you will learn about concrete ideas for policymakers to address these parts of the social insurance system, going forward.

So, thank you to everyone who has submitted their questions. We will be asking some of your questions, during today's event. You can continue to send us questions, at info@hamiltonproject.org, and through the Hamilton Project's Twitter account, [@HamiltonProj](https://twitter.com/HamiltonProj). Additionally, we will be live tweeting the event. And now, I am delighted to turn things over to Chair Rouse.

CHAIR ROUSE: Good morning, and thank you, Wendy. Thank you for having me today, and for this really important and timely discussion. Over the past year, the COVID-19 pandemic has unleashed suffering around the world, as the global economy was powered down, in order to minimize the negative health impacts. An economic crisis was born that rivals the Great Depression.

Governments have had to step in and step up, to help workers, families, and businesses get through to the other side of the crisis. As such, this pandemic has truly highlighted the important role that government plays in our societies.

In the United States, we are still down about 8.4 million jobs, since February 2020. The recession has been dubbed, a “she-session” due to the unprecedented number of women who have left the labor force to care for families, as schools and childcare centers were shuttered. While women’s employment final recovered enough, last month, to match the decline men have experienced, overall unemployment is still high.

The Official of Bureau of Labor Statistics measure of 6% is up there, but still likely understates the situation. Attempts to adjust for labor force participation and survey issues suggest it may still be closer to 9%. It is clear there will be no economic recovery in this country, until the virus is under control, and people feel safe dining out, going to stores, and utilizing services. And every country is in the same boat, some in much worse shape, as their vaccine rollouts pale compared to ours.

That said, when we’ve attempted to compare government spending in the United States to that of other advanced countries, even accounting for the fact that most of them have far more responsive policy to economic downturns and more federally funded social programs, we’re about in the middle of the pack. And although our federal aid is now on par with that of many of our peers, it came at costly delay. The truth is the United States does not have a safety net infrastructure, that could be quickly deployed when workers were sent home. We had to build it.

So, until relief packages were passed, unemployed workers faced uncertainty about whether their benefits would continue. Businesses could not make longer term plans about how to survive, and state and local governments had to cut services and furlough workers, as they waited for aid. The newly released Hamilton Project Papers do an excellent job laying out how much of this hardship could have been avoided, if more U.S. programs triggered on and off automatically, stabilizing the economy, when it is in freefall, and providing relief to workers and families, based on ongoing needs, not an expiration date set by statute.

It's not that the United States doesn't have any automatic stabilizers in its system. Unemployment insurance, SNAP, and Medicaid all contain provisions when we're spending increases automatically, in a recession, and decreases, when the economy recovers. But the way they currently operate, these programs are not up to the task for longer and more challenging spells of unemployment, common during recessions, as Arin Dube's paper so thoughtfully highlights. The strategy of the administration is to get us, first, to the other side of this pandemic.

The American Rescue Plan, passed last month, is providing relief to help people feed their families and stay in their homes. Among other things, the law extends unemployment insurance benefits, provides resources to safely reopen schools, expands childcare assistance, and puts money directly into people's pockets, but this is just a start. President Biden has a much more ambitious goal of building back even better, and his vision is wholly prefaced on the idea that government is good.

Certainly, there are areas where private sectors excel, but other areas, where the market fails, and government needs to step in. Helping large numbers of people, people in need, building public space and services, and ensuring that both prosperity and burden are fairly shared. These are examples of when we need to turn to government. The idea that government's a dirty word is a relatively new phenomenon. In just my lifetime, public domestic investment, as a share of the economy, has fallen by more than 40%. President Biden is trying to turn that around. The American Jobs Plan is a historic public investment, that would create millions of good jobs, rebuild our countries infrastructure, and persist in the United States to compete in a global economy.

The plan has components of what we would call traditional infrastructure, rebuilding highways and bridges, upgrading ports, and airports and transit systems, fixing our drinking water systems, renewing the electric grid. It also makes high-speed broadband accessible to all Americans, which we understand, during this pandemic, is so very important. It would also modernize our nation's schools, and childcare facilities, veterans' hospitals, and federal buildings. But if we want to increase economic productivity, expand capacity, and keep America competitive, we cannot be constrained by a 20th century definition of infrastructure.

Rather, we must look to the future and predict what we will need in the 21st century and beyond. Just as we need a road to travel on, to get to work, we need solid -- we need a solid care economy, to look after children and the elderly, so we can also get to work. By investing in the care economy, we not only build a humane system to look after the most vulnerable in our communities, we create jobs and raise wages for essential homecare workers.

The last point has garnered some controversy. This isn't infrastructure, say some critics. This is a left-wing wish list. So, I thought about these critiques, and did what every good economist does in the face of doubt. I bet you think I'm going to say, I went to a data set, or I went to Stata, but, no, I went to the dictionary. And, according to Merriam-Webster, infrastructure is, quote, a system of public works of a country, state, or region, the resources, such as personnel, buildings, or equipment, required for an activity, and the underlying foundation or basic framework, as of a system or organization.

So, how does that not include R&D Investment, or work training, or improve schools? And, yes, personnel, for our children, elders, and the infirm. So, I'm proud of what the Biden-Harris administration has envisioned. I'm really proud to be part of their effort, and I am proud to say that I work in government, and, yes, often, that government is the best place to turn to, in times of crisis and beyond. So, thank you.

MS. EDELBERG: Thank you, for those remarks, Chair Rouse. It's a rallying cry for how we need to fix the system, going forward. So, you mentioned triggers. So, triggers are high on the list of most -- most folks looking at the social insurance system and thinking about how to improve it, going forward.

CHAIR ROUSE: Right.

MS. EDELBERG: But triggers are kind of a funny thing because the CARES Act probably stepped in to improve the social insurance system and add more fiscal support, before any triggers, I think, that we could have put in place, would have alerted the system that it should expand.

And then on the other hand, of course, we were -- we saw the protracted negotiations throughout the fall, as the economy needed more support, and policymakers couldn't get that done. So,

how, in your mind, do triggers work most effectively?

CHAIR ROUSE: Well, you raise a really important point, which was the CARES Act was stood up very quickly. It was really impressive, how quickly that was put in place, and you're right. Probably, if we'd been relying on traditions that had really been built into the system because, you know, there are some triggers in unemployment insurance, as people claim benefits. More people are getting unemployment insurance benefits. But I guess what I am thinking here is we want to have a system that has flexibility built in, so that the federal government or state governments could step in quickly. But more fundamentally, it was -- you know, we need to have a system that can respond more quickly for the longer protracted recessions, which we see -- which we've been experiencing.

So, you know, I guess what I'm looking for is the best of both worlds, where we -- that we have an unemployment insurance system, and, you know, this -- I think this extends to other places. You're -- also have a nice paper on housing relief, and -- right? So, when people -- we know that the economy is powering down or is in recession. We just need to have a system where people can rely on the government to be able to providing them assistance, to help them get to the other side, and not being held hostage to what is becoming an increasingly more difficult political negotiation.

So, I worry about triggers when the economy is going down. I also worry about when -- when do we recognize that it's time to step off the gas? And when do we pull back? So, under the American Rescue Plan, for example, we have unemployment extensions, unemployment insurance extensions, through September. Is that the right length of time? Is it too long? Is it too short? I don't know. It feels pretty good, I mean, I think it's about right.

Our vaccination roll out is going very well in this country. But we know the variants are going to provide a tricky bit of uncertainty. And so, do we know that that's exactly right? I don't know. And if we find ourselves still harassed in the middle of the pandemic, come September, guess what we're going to have to do? We're going to have to go back to Congress and renegotiate, in order to extend the help that we know that Americans will need, at that time. So, I don't want suggest that triggers solve all problems, but I think there's probably a way that we can make them much more responsive in this country

to downturn.

MS. EDELBERG: So, you talked about possibly being in September and realizing that we need to extent the fiscal support. But let me ask about the other side, where we've seen, you know, a whole host of people raise concerns that some of the fiscal support, particularly in the unemployment insurance system, is currently holding back the recovery because --

CHAIR ROUSE: Okay.

MS. EDELBERG: -- it's distorting incentives, for example, for people to reenter the workforce. Do you see evidence of that?

CHAIR ROUSE: So, that is a concern. That's always a concern, right, that we are depressing the incentive to go to work, and, yes, with the additional checks, which are now \$300 above the, you know, what people would get under UI, there is a concern of that. Now, I think, as Professor Dube lays out in his paper, the replacement rate in UI and many places has gotten so low that the \$300 is not particularly generous. But in some places, it is. So, we are concerned about it, but let me tell you why I'm not -- why I don't think it's the primary reason why we still have very high levels of unemployment, at this time.

So, one, let's just remember, we are still -- employment is still down 8.4 million jobs, from just over a year ago. So, we know that we're still very much in the hole. If we look at the JOLTS data, so, if we're going to compare job openings per unemployed worker, we still see -- let's do workers for unemployed -- workers for a job open, we still have far more unemployed workers than we have job openings. And that's using the official BLS estimate of unemployed. When we look at the one that adjust for labor force participation and measurement issues, you know, it's even higher.

So, I still think we -- you know, just based on the JOLTS data, we believe that most workers still wouldn't be able to find employment if they sought it. We also know that about 3.7 million workers said that they were unemployed or out of the labor force because they couldn't find work during a pandemic. And we know that about 6.6 million workers, in the last survey, reported that they were unable to work, at some point in the last four weeks, because their employer had shut down or business had

slowed because of the pandemic.

So, I don't think we're quite there yet. Does this mean there's going to become a point, where we should be concerned? Very possibly, but I don't think we're there yet. Yeah, so, I'll leave it at that.

MS. EDELBERG: So, I was thrilled that in your framing comments, you put the work that we're going to be focusing on today, the unemployment insurance system and housing support, into the broader context of many of the challenges that we're facing now, and many of them being around fixing the social insurance system, going forward. One aspect of that, that you mentioned, was workforce training. So, as I mentioned, the Hamilton Project put out a proposal, not so long ago, rethinking workforce training. What do you think are the greatest challenges that we're going to face, as we recover from the pandemic, with regards to workforce training, and what do you think is the highest priorities are, in fixing that system?

CHAIR ROUSE: Yeah, well, it's -- you know, I'm a huge fan of workforce training because I, you know, I study -- I call this education, I know that there's a distinction. But I think of it as human capital, more generally. And, you know, one of the things that the pandemic has, I think, accelerated is the transition in our economic structure, towards more digital, towards more things that are going to be online, and away from more face to face. I think we've accelerated that.

And then, you know, at least the administration, very much, wants to help the private sector and help our society move, much more quickly, towards clean energy, in order to meet the president's ambitious targets, and also to address the looming prices of climate change, which, you know, is upon us, and is getting costly, and if we don't address it now, very soon, it's going to really become a runaway problem. So, in order to help workers make those kinds of transitions, I think it's -- it behooves us to work in a workforce system.

So, we believe that we should be looking and emphasizing the kinds of programs, where there is evidence, and this is a place where I think we keep learning, and we keep doing -- there are evaluations that suggest that some models are more effective than others. The administration is

particularly excited about sectorally-based training programs, that really are focused on the jobs that are in greatest demand and where there can be -- you know, it makes sense for there to be career ladders, so we can see this in terms of, you know, the clean energy sectors, a lot of the infrastructure, even traditional infrastructure, that we're talking about, even in the home healthcare sector.

I think it's really important that we have -- create good jobs, that have progression, and so that workers may start at, you know, doing some of the more basic skills and requirements, of taking care of our elderly and disabled, in particular, but where they can get the kind of training to help them become an RN, or more licensed, and can move up within that career.

So, we really do -- I do think it's really important that we focus on the kinds of models, that we know can be effective, and that we learn, and that we pivot, as we go. We're putting a lot of money -- we know there are going to be dislocated workers, and I think it's really important that we provide them with the support that they need, and that we provide the support broadly, in our rural communities and our communities of color, so that everybody really can participate in where the economy is headed and take advantage of those jobs.

MS. EDELBERG: The key word, I think, one of the key words you said, there, was pivot. There will be a lot pivoting that we will need to do, as --

CHAIR ROUSE: Yeah. Yeah.

MS. EDELBERG: -- as we face challenges. Some of them, we will expect, and some of them we won't have expected.

CHAIR ROUSE: I think so, too.

MS. EDELBERG: Thank you, so much, Chair Rouse. This has been an incredibly enlightening conversation. I am thrilled that you were in this post. I feel more confident and more optimistic for our country, knowing that you are where you are. So, thank you for your time.

CHAIR ROUSE: You're very welcome. It's a pleasure, and I'm sorry I can't stay to listen to the discussion. The papers were phenomenal, and this is a great -- this is great event. Thank you.

MS. EDELBERG: Thank you. All right. So, with that, we are now going to turn to our

first panel, which will focus on the housing proposal. It will be presented by one of our authors of that housing proposal, Ingrid Gould Ellen. She will be -- I think everybody is now populating the screen, which is excellent. She will be joined in this panel by Erika Poethig, Erika is the special assistant to the president for housing and urban policy at the Domestic Policy Council; Carol Galante, professor in affordable housing and urban policy at the Turner Center for Housing Innovation at the University of California, at Berkley; Maurice Jones, CEO of OneTen.

And we are going to have what I know is going to be a really super conversation around the challenges that we've seen over the last year, with regards to housing instability, and what priorities we should have -- we should have, at top of mind, going forward, as we rethink the housing support system, more fundamentally, hopefully, over the next few years. So, with that, I'd love to turn it to you, Ingrid. So, you and your co-authors have some ambitious ideas for how we should rethink the housing support system. Can you tell us about them?

MS. ELLEN: Yeah, I'd be happy to, and thank you Wendy, and your team for organizing this event, and thank you to my fantastic fellow panelists. Melanie, could you put up the first slide? I wanted to start with a bit of motivation. Showing a slide from our paper that -- that shows that federal outlays on food support, it -- the sort of green line, and unemployment insurance, that's the purple line, grows sharply during the last downturn.

In 2010, federal outlays on unemployment, were four and a half times -- in 2010, they were four and a half times what they were in 2007. Outlays on SNAP were roughly twice as high as they were in 2007, where you can see the sort of the blue gray line of housing assistance was -- is just completely flat, during this period. Melanie, you can take that -- take it down now.

And our housing programs also fall short, not only in sort of addressing these broad macroeconomics fluctuations, but also in helping households manage more idiosyncratic shocks to income and expenses, and few households have the resources to cover such shocks, which, unfortunately, are common, especially for households of color. And Black and Hispanic households also have fewer savings to weather these unexpected financial setbacks.

And so, in response to these sort of these limitations in our current suite of programs, our paper proposes on three sets of automatic stabilizers that -- to help people stay in their homes and to keep affordable housing production going, during downturns. And the first is to establish a universal -- a universal emergency rental assistance accounts for low-income renters, to help them manage the myriad income and expense shock, that put them at risk of eviction or other involuntary moves.

And there are many ways you could set this up. I mean, we propose that the IRS would prepopulate these accounts, and with a balance equal to about four times, sort of the median rent in an area. And the payments for -- from the account would be required to go towards housing, but renters would not have to provide sort of detailed documentation and justification for drawing down funds, so that money could get out quickly, and before financial -- their financial problems compound. And these accounts would offer savings incentives, to discourage renters from using the funds, right away.

And accounts could potentially be replenished when the local unemployment, you know, rate sort of crosses some threshold. And, importantly, I want to be explicit, that these -- these emergency accounts are not a substitute for a voucher program expansion, and I think they could be actually useful complement, rather than a substitute, and that they could provide more limited emergency assistance, for those whose incomes fall slightly above the income limit for vouchers, or who otherwise fall through the cracks of the voucher program. So, that's our first proposal.

Our second proposal is to establish a homeownership stabilization program, which would automatically enter all mortgage borrowers with incomes below their local area median into a three-month forbearance period, when the local unemployment rate crosses a prespecified threshold. And that, importantly, this forbearance would be an opt-out, rather than an opt-in because what we've seen is that, when borrowers are required to apply or required to request forbearance from services, a substantial fraction failed to do so, and they become needlessly delinquent. And so -- and research also suggests this kind targeted temporary assistance significantly reduces foreclosure risks.

And I want to be clear that federal policymakers significantly expanded assistance to homeowners, during the past two recessions, and they deserve a lot of credit for this -- the amazing work

that they did. But we're calling for this assistance to be automatic and to be universal, so that support is immediate, and no one falls through the cracks. I'm very much in line with what Chairman Rouse just spoke about.

And finally, our third proposal addresses the fact that our current suite of housing programs tend to provide actually less support for affordable housing production and renovations, during downturns, as lenders and tax credit investors pull back. And in order to -- so, in order to sustain construction and preservation of affordable housing, we propose making the Tax Credit Exchange Program, that was enacted in 2009, during the last crisis, automatic and permanent, and specifically states another allocating -- tax credit allocating agencies could exchange up to half of their allocated 9% credits, and in some amount of 4% credits, at a discounted fiscally neutral price.

And states could exercise this option, at any time, but they would only have an incentive to so, when the price of tax credit falls below the preset price, as a result of reduced demand from investors. And so, in sum, just to -- summing up quickly, we believe that these three sets of automatic stabilizers would encourage investment in affordable housing during downturns, would limit housing instability, and its significant collateral costs, and would also advance racial equity.

To be clear, you know, while these proposals, I think, would go a long way towards addressing volatility, they would do little to address the long-term structural barriers to affordable housing, and the -- you know, and there are important policies that need to be enacted to address those longer-term barriers. But we think that these relatively low-cost proposals would be a useful step forward and would help to create automatic safeguards to allow us to address the next crisis, more quickly, so.

MS. EDELBERG: Thank you, Ingrid. So, Erika, I'd first like to turn to you. So, Ingrid talked about how the system does not currently have these automatic safeguards, and that became extraordinarily apparent over the past year, as we saw a crisis in housing instability. And as a policymaker, that is now on your list to solve. So, can you describe the administration's efforts to deal with those challenges, as we're living through them, in real-time?

MS. POETHIG: Yes, and thank you, Wendy, and the team at the Hamilton Project, and

Brookings, for the invitation to join you today. I've been looking forward to this panel discussion and being reunited with people, who I so greatly admire, and had the pleasure of working with in the Obama-Biden administration. And Ingrid, thank you, to you, and Rob, and Ben, for this paper. It's jammed packed with ideas, and it really sparked my thinking.

So, we are at day 83, in the Biden-Harris presidency, and so, I -- this is a great opportunity to take stock of some of the policies that we have been using and how we've learned from the past to apply that to the current work. So, Ingrid described three different intervention points, a safety net for renters, a safety net for homeowners, and then also ensuring that we're not losing momentum on our housing supply and affordability challenge, during this particular crisis.

So, I want to reflect on each of those and what we've been doing to address them. So, as compared to the Great Recession, this crisis has hit renters much harder than it has hit homeowners. At the height the crisis, one in five renters reported being behind on their rent, to half of those were very concerned that they were going to be evicted. And to prevent renters from being evicted, Congress first acted in September, with using its public health authorities, created a moratorium on evictions, which was extended by the Biden administration, until the end of June. So, that is one form of protection.

Between the Consolidated Budget Act, passed at the end of December, and the American Rescue Plan, passed earlier this year, there is now nearly \$50 billion in rental assistance, to help renters pay back rent and help landlords catch up on arrears. And we know that many of those landlords, who are catching up on arrears, are people of color, for whom this is an important source of income for them, as well. That is to say, as Ingrid pointed out, this crisis is disproportionately hitting neighborhoods where people of color live and households of color.

So, this is an unprecedented amount of emergency rental assistance, that is being administered by 200 different jurisdictions, states, counties, cities, under a set of guidelines that the Biden administration established, in the middle of February. Now, while there is a lot of harmony between these programs, there's also a lot of variety in how states and localities are administering this assistance. And to create the kind of federal guidelines to create more harmony, I want to also acknowledge the research

that Ingrid and other colleagues, of the National Low Income Housing Coalition and the University of Pennsylvania, conducted, that reviewed programs during the CARES Act funding assistance.

And these were not specialized for rental assistance, but states and localities used CARES Act funding to create rental assistance programs, and the lessons learned from that early work were hugely helpful to the creation of the guidelines that we used earlier this year. And just to illustrate one important lesson learned is the importance of self-attestation of income and hardship, as a very important mechanism to speed relief, and Ingrid, I think, points this out in the conception of the rental relief proposal. She had lots of other important lessons learned, that I won't dwell on now, but to come back to, from that research.

Also, another important inflection point, and, you know, Maurice, and Carol, and I were at HUD, during the Great Recession, where we struggled to be responsive, quite frankly, to the homeownership crisis, trying many different iterations of kinds of support. The good news is, in this crisis, that we learned from that, and that the government agencies, that back and guarantee mortgages, have greatly improved their strategies to provide relief to homeowners at risk of foreclosure. So, FHFA, FHA, USDA, VA all acted quickly to extend forbearance to homeowners and set a moratorium on foreclosures.

And more than half of the loans currently in forbearance are backed or guaranteed by one of these agencies. Early on in the Biden administration, we worked with these agencies and the CFPB to develop a whole of government approach to preventing foreclosures. This included extending forbearance periods an additional six months, through the end of 2021, for those coming in at the end of the period, and extending the application period for forbearance through the end of June, when the extended foreclosure moratoria also end. This whole of government approach means that servicers are working off of one set of dates, rather than multiple agency policies.

And in addition, the administration supported the \$10 billion Homeowners Assistance Fund, which is part of the American Rescue Plan, which will work through states to provide the relief to homeowners. To Ingrid's larger point, even though these policies are in place, it does not mean that homeowners will use them, and early-stage mortgage delinquencies are on the rise, and there are

homeowners who are seriously delinquent, but not in a mortgage forbearance program, and may be at greater risk of foreclosure, when the moratoria eventually lift. As Ingrid's research points out, these -- reaching these homeowners is challenging, even with marketing and other kinds of communication vehicles.

As the economy recovers and the pandemic is controlled, we will need a new set of strategies to keep people in their homes, that will require public investment, through vehicles, like Homeowners Assistance Fund and other agency actions. And lastly, Ingrid and her colleagues raised the need to keep the momentum on meeting our housing supply challenges, during a moment of crisis. We face a widespread and significant housing supply gap, for both homeowners and renters.

For renters, more than 20 million households pay more than 30% of their income for rent. We have less than a two-month supply of homes for sale, and home prices are rising. Meeting this challenge is why the president included \$213 billion in investments to produce, preserve, and improve affordable housing, in the American Jobs Package, that Chairwoman Rouse mentioned, and this is in addition to increases in the Low-Income Housing Tax Credit and the creation of a new Neighborhood Homes Investment Tax Credit.

Through the American Rescue Plan, communities across the country also have \$5 billion in resources to buy existing housing, like hotels and motels, and convert them into permanent housing for people experiencing homelessness. So, we are not letting -- we're not -- we're using this crisis to make headway, also, on important long-term policy, as well as keeping our eyes on making sure that everyone keeps their homes, through this crisis and at the end of this crisis. And thanks for the invitation to be here today.

MS. EDELBERG: No, thank you, Erika. And so, now, let's think about what these long-term reforms should look like, going forward. So, Carol, I want to turn to you. What -- how do you think we should be targeting housing support, over the longer-term? That's one of the -- that's one of the thorniest questions, when conceptualizing how to change these policies.

MS. GALANTE: Yes, well, first of all, thank you for having me here, Wendy, and thanks

for the Hamilton Project, that you're working on. It's terrific. I would just say, you know, going back to Ingrid's points and Erika's -- what we've learned from the recession, the last great recession. For me, we have a huge opportunity, as we have the Biden administration thinking about, you know, bold ideas and new funding for solving the housing affordability challenges, that we had pre-pandemic, and which, you know, the pandemic has clearly exacerbated in numerous ways. And so, I think we need to use that opportunity to also think about how we deploy, you know, the funding, the new funding that may be coming, that hopefully is already coming, and will continue to be coming in, through the various efforts of the Jobs Plan and the Rescue Plan.

And I think we have to take a step back and look at our existing system. Let's just take, for example, the Low-Income Housing Tax Credit, which has been the bread and butter of new supply for rental housing, for the past 30 years. And yet, when you think about how it's allocated on a state basis, from the federal government to the states, it's done purely on a per capita basis. Now, politically, you know, I understand that. But if you think about -- it is not targeted to localities or states that are based on, you know, income levels or rent burdens, and I think we should, you know, take a step back and think about new resources and how they should be deployed.

The other example is, with tax credits, is you are using it primarily for adding supply, and yet, in some markets, it's not really a supply problem. In some markets, it's definitely a supply problem, and, you know, we should be thinking about using our supply side tools, in places where you really need that new supply. Now, that can be in some weaker markets, if your rationale is getting that new supply in higher opportunity areas or in preventing displacement in gentrifying, you know, what once were disinvested communities that are now gentrifying. But, on the other hand, you know, if an individual -- there's plenty of housing available at \$500 a month. It's just we don't have individuals in those markets who can afford \$500.

And then we should be using vouchers or a tax credit to the individual, to help them pay that rent. You know, new supply is not really the answer in those markets, and I think we need to rethink those kinds of targeting measures. And I think you could say, to some degree, on the homeownership

front, as well, we've got, you know, the mortgage interest deduction, which, you know, under the last tax act, isn't being used as much, but, you know, think about the fact that that is basically used by higher-income individuals. It's used over and over again, every time you refinance. You have -- you get, you know, more mortgage interest deduction write-off. That's not a very targeted way of using our tax dollars for housing subsidies. And, you know, I would advocate for, you know, a different -- a different kind of system.

So, those things are difficult to do in this reconciliation environment, that Erika is living in, but I do think there are some administrative measures that could be done and some guidance from Treasury on tax credits, for example, that could be done, that, you know, might not require a wholesale redesign of these of these programs. But we -- we really need to think about baking the cake of new supply, where it's needed, and then adding the icing of demand side subsidies, as it's needed. And I think that's really where we need to be going with the new resources that we're seeing coming in.

MS. EDELBERG: Thanks, Carol. So, so, Maurice, Carol enumerated a bunch of the challenges, with regards to targeting, making sure that we target support for housing supply, in the most efficient ways, making sure that we're targeting support geographically, in effective ways. Let's get -- let's just get all of the -- let's get all the issues on the table, in terms of targeting, because there's probably others. How do you think -- how do you think support should be targeted?

MR. JONES: Well, first, I'm still trying to find that cake that Carol was talking about. She's made me hungry. But I want to also say, Wendy, thanks for having me, and it's always nice to be with Erika, Carol, and Ingrid. It's a joy. Look, I, too would subscribe to the need for more intentionality and targeting.

And let's just step back and think about what has happened over the course of the last year, right? We've had a health pandemic, that has had a disproportionate impact on communities of color, low wealth communities. We've had a recession, that has had the same disproportionate impact on the same folks. And we're in the midst of a racial reckoning in this country, one like I've not seen in my lifetime. And then you put a few datapoints on the board.

The homeownership rate of African Americans in the country, right now, is a little over 40%. The homeownership rate of whites in the country, now, is a little over 70%. The homeownership rate of Blacks is the lowest it's been in 50 years. You cannot get at that issue if you're not intentional about policies, in the private sector and the public sector, that target homeownership increases for communities of color, for Black talent. We can't be agnostic about that and expect to solve this issue. We can't be universal about that and expect to solve this issue. And by the way, we didn't get here through universalism, through agnosticism. We got here through government supported redlines of Black communities, no question about it, not the only way, but a big piece of it.

And so, I would make the argument for using resources, using this time of rebuild to be real intentional about those places in the country that are not enjoying the kinds of wealth assets that have built families, built communities, built colleges, built enterprises, for years. Homeownership is one of the biggest pieces of it. And so, my advocacy and what I'm seeing on the ground is the real need to be intentional about getting at this homeownership gap between whites and Blacks in the country. That would be one piece of it.

Let me just sort of take from that also, and just put the other piece from me, as I'm particularly working now on looking at issues related to the wealth gap in the country. There's no way that we should isolate or segregate housing from the rest of the things that you need to be working in coordination with, in order to help families truly build the assets that they need for savings, and for education, and for housing, etc.

And so, if you look at -- just look at the wealth gap statistic, now, in the country, right? whites in the country, again, going back to intentionality, have 10 times the wealth that Black families have, and if you actually hone that in and you disaggregate it, it's much worse in individual markets. In Boston, the Federal Reserve did a study and showed that the white net worth, or the net worth of white families in Boston, is about \$247,000. The net worth of Black families is \$8, no zeros, \$8. Eight versus \$247,000.

Housing has to be one piece of what we leverage, in order to conquer that, but we also

have to be looking at good quality jobs, transportation, healthcare, the social determinants of health. And so, I would also tell you this is a time for us to make sure that we're not looking at what we're doing in housing, without it becoming part of a bigger effort to get at the health gap in the country, the wealth gap in the country, and the opportunity gap in the country.

Last thing, and I'll be quiet on the intentionality piece because I could probably preach a little bit longer on that. We have an opportunity, now, to take a look at what has probably been the most effective federal tool to help our financial system invest in housing and invest in other kinds of assets that help to build wealth, and that's the Community Reinvestment Act. It's time for us to take a look at the Community Reinvestment Act, also, from the lens of diversity, equity, inclusion, and intentionality. The CRA, I would submit to you, was actually devised to counter redlining, which was based on race. CRA, today, does not permit looking at our communities and providing an incentive for banks to invest in homeownership and other things, on the basis of race. How could something built to correct redlining not take race into explicit consideration, when we're actually administering it? So, another opportunity, I think, for us to be more intentional about providing incentives for the private sector to get at these intractable issues of disparity, that we've been dealing with as a country for generations. So, I will -- I will leave it at that.

MS. EDELBERG: No, no. Thanks, Maurice. And I have lots of questions for Carol, and Ingrid, and Erika, but first, I want to ask you one follow up question because I'm -- I think there's a chance it's on -- it's on listeners' minds, and I want to give you a chance to react to it. So, we saw in the years, let's say, between, you know, I don't know, 2002 and 2008, a dramatic expansion in access to homeownership, that turned out to create a lot of financial fragilities, particularly for people of color. So, how do you -- how do you answer that?

Like, I completely appreciate -- and the Hamilton Project has documented many of the -- many of the challenges that you just described, and the paper that we just put out, I'll put out one other advertisement, documented some of these -- highlighted some of these historical explicit policies, that were put in place to limit access to homeownership. How do we expand access to homeownership, but

do it responsibly, or do you see a tradeoff there?

MR. JONES: No, I think you just said it. Expand it and do it responsibly. We had a lot of irresponsible behavior. We had a lot of imprudent risk being taken. We also didn't couple the financing piece with the necessary homeownership counseling and other things, that we know will help prepare homeowners for prudent, wise, and responsible homeownership over time. So, we -- what that period has certainly taught us is you cannot just focus on the financial piece of it.

You also have to prepare people to be responsible homeowners. But we know homeownership counseling works, and we've got a lot of it going on, right now, across the country. So, no question that we should take the lessons that we learned during those periods and put them into play. But it's not an either or, it's both. And that, I think, is what we really need to be focusing on, as we rebuild. If we don't rebuild with homeownership as something that we're really trying to close a gap on. This incredible lack of resiliency in communities of color, and low wealth communities, and rural communities will simply persist, as it has for generations, in the country.

MS. EDELBERG: Thanks. So, Erika, I want to follow up with you on something you said. You put out -- you put out a number that -- that stopped me short, that the -- I think it was the -- maybe it was the support you were talking about for renters, is going through 200 different jurisdictions. So, can you talk about the challenges in our current system, with getting support to the -- getting the support effectively out to the people who need it? Like, how do we -- that doesn't sound like the most efficient process.

MS. POETHIG: And Ingrid can reflect on this because Ingrid and -- studied the CARES Act support, which went out to, again, the sort of multiplicity of states, counties, and cities, some of whom created these rental assistance programs. So, I would say, Wendy, this was a -- this was an explicit decision, obviously, by Congress, to design the support this way, in order to reflect on the different kinds of conditions that exist at the local level, that are, you know, trying to adapt the support to those conditions and use the mechanisms to reach different groups and communities that would benefit from the support.

But I think that takes, to use a phrase that Maurice used, intentionality to ensure that those communities are, in fact, being reached with the support. And in some cases, the support is going through delivery systems that had never run a rental assistance program before. So, they were standing up these rental assistance programs for the first time. Now, I think, we're seeing, in some cases, and Ingrid's research points this out, they stood those up very quickly in the CARES Act and had some of that infrastructure in place.

So, they're leveraging the resources from the emergency rental assistance programs to be able to essentially move that assistance through the system they created, just maybe a year ago. But there are still some states that have not yet opened their door. There are counties that have not opened their door. There are cities that have not opened their door to that emergency rental assistance program. And so, it is -- you know, and the federal government only has so much ability, at this particular point, to be able to encourage, which we are, those systems to make that assistance available to landlords and to vulnerable tenants.

So, at the same time, I would say, perhaps on the other side of that, because of the variety and because we've been fortunate to have some research, we are learning a lot from this variety, in experimentation and approach, that could yield important insights for a wider spread national system, that would create more resilience into the future. And I -- I very much look forward to a more resilient system that might be stood up and maintained.

And I -- well, the last point I would just say on this is, for instance, we do have a system of organizations that are equipped to provide rental assistance on an ongoing basis, and that are -- those are our Public Housing Authorities, which were not the system used in this particular case for the distribution of rental assistance, interestingly enough. And -- however, there are some jurisdictions that have chosen to partner with their public housing authorities to, in fact, deliver the rental assistance, recognizing that they have that delivery mechanism already in place. So, I will be very curious and look forward to Ingrid's and others' work on this, to see what we've learned and see what other kinds of structural changes we might put into place, going forward, from insights from this crisis.

MS. EDELBERG: Yeah, so, let me --

MS. ELLEN: Just to jump in really quickly, when you -- when I -- yeah.

MS. EDELBERG: Yes, please, I was -- in fact, I was just going to ask you to follow up.

MS. ELLEN: Okay. Yeah, so, thank you, Erika. You know, I agree with everything Erika said, and I -- I would just say, and I do want to say, it's just amazing, the amount of work that public servants did, the local public servants did, around the country, to stand up these programs. I mean, they were literally working around the clock and individually calling tenants and landlords. And also credit to Congress and the federal government for, you know, for getting this, you know, very significant amount of assistance out the door. But I will say, in some sense, the experience of seeing this kind of mad dash to get these programs together really is, I think, an argument for having a standing program, so we don't have to reinvent the wheel next time. Now, there is -- now, these localities have built these platforms and have this infrastructure. I will say, also, that, you know, there are a few states that have done some great work in providing kind of a common portal, across that -- that localities in their state can use, so that they can both -- so that people can apply because often people -- you know, tenants are eligible for both the state program and the local program, and it's confusing, and so, there's a single portal where you can apply, and then also, on the back end, allows these localities to share data, so you can see when people are applying to multiple programs.

And so, I think that, again, this is -- it's amazing the work that's been done, and I think we have learned a lot, as Erika said, but I think, going forward, having a standing federal program that just provides this, that sort of automatically provides this kind of emergency assistance, is critical.

MS. EDELBERG: So, I want to talk about that automatically part, just for a second, Ingrid. So, so, still -- I mean, a lot of the support that is currently out there, in the midst of this crisis, does put the onus on either renters, or borrowers, or landlords to take advantage of it.

MS. ELLEN: Yeah.

MS. EDELBERG: And so, I know you thought hard about this, in putting together your proposal. Can you just talk about that -- the nexus of that problem?

MS. ELLEN: Yeah, so, I mean, take up is a, you know, take up is a problem in almost all social programs, and it's been -- it's been a problem here. I mean, as Erika said, this was sort of -- you know, and not to mention the fact that we're doing this in the midst of a pandemic, so. So, our regular channels of outreach and communication just are not there, and there are -- you know, and I have to say that, you know, I've spoken to a lot of local program administrators and Maurice. You know, I have to say, they were really trying to be very intentional about who was falling through the cracks, and worrying about the racially disparate impact, and that many immigrant communities were not being reached, and so, they, you know, partnered with nonprofits in interesting ways. So, so, I think there's been a lot of great work, but I still worry, a lot, that there are still people who are falling through the cracks. I mean, a recent, you know, study that the Urban Institute did find, like, you know, a shocking percentage of renters in need didn't know about the availability of these programs, and neither did the landlords, right, especially the small landlords, right? So, I think that having something, a program that is more, you know, more automatic and doesn't -- I mean, and I think, to Erika's point, I think the, you know, the FAQs from Treasury, I think that, you know, the allowance of self-attestation really does help to reduce the administrative barriers.

I mean, there were programs -- some of these 200 programs, they literally had, like, 200-page applications, initially, because they were so scared. I mean, it was well-intentioned. They were scared about, you know, about fraud, and so, I think that, you know, in the midst of an emergency, you know, I think that the -- that we have to err on the side of saying, okay, maybe we're going to have a little bit of fraud, but we're going to get the money out the door more quickly.

MS. EDELBERG: So, Carol, I want to -- I want to ask you about them. You know, once you start talking about take up and participation, if you're putting together a program effectively, you should start worrying about incentives. So, how -- like, does having automatic help, for all low-income renters, for example, or all low-income mortgage borrowers, does having either automatic help in place, or even automatic help rollout, does that create incentives that we should worry about?

MS. GALANTE: You know, I think, you know, it depends on the program and the

situation. I totally agree with Ingrid on the -- and then I have a colleague at HUD, when I was there, and he said, you know, we worry about all the little fish and let the big fish go free. And I think, you know, you can worry about, you know, individual fraud, and what we should be focusing on is kind of the, you know, some of the unemployment insurance issues, that we have in California, where systematically, you know, there was massive fraud that had nothing to do with the individual, you know, recipients of the unemployment insurance, but, you know, like a criminal scheme. And, like, we -- like, that's the kind of fraud that I think, you know, we really need to be focused on, and, you know, not worry about, you know, a couple of individual bad actors that might not get caught, you know, for, you know, in this kind of program.

On the other hand, I do worry a little bit about the incentives with this tax exchange program. I mean, do we end up creating a ceiling for, you know, a purchase of tax credits, you know, by external investors? You know, how do we incentivize, you know, the private sector to be paying higher amounts? You know, part of that is the tax system. You know, part of what caused this problem is not the pandemic, but, you know, the lower tax rates. So, you know, we don't have as much taxable income. The banks don't have as much taxable income to shelter. So, like, you know, there are ways of, you know, fixing, aligning these incentives better than I think we have, today.

MS. EDELBERG: So, we have a -- we have a question from our audience that I'd like to throw open to all of you. So, I'm wondering -- the question is, is the -- is the backbone -- is the underlying thread -- I guess, now, I've just -- two cliché metaphors layered on top of each other. Is the thread, running through this, that housing should be a right, that we need a system that creates -- that assumes that -- that we are entitled to housing? And that, then, it is the government's responsibility to be the backstop. Does that -- does that resonate with any of you?

MS. GALANTE: So, you know, I would say, you know, just the conversation about housing as a right, I mean, we need to think about what that means. I mean, I think, aspirationally, we want everybody sheltered. Aspirationally, we want everybody to be paying, you know, an affordable price for their shelter, their home, whether that's homeownership or rent. You know, I think the issue is what

does that mean? Does that mean everybody, you know, deserves a million-dollar house? Does that mean everybody deserves just a roof over their head, and, you know, does it matter where it is? And so, I think you get into, you know, really what -- what does that mean, in terms of how you operationalize a "right to housing?" And I think that's a really difficult question. But I do think the idea of some baseline entitlement, you know, like Social Security, that, you know, some baseline housing allowance, or baseline of income, that will, you know, get you sheltered. You know, certainly, as an aspirational goal, we should -- we should be figuring that out.

And, you know, I will just -- the last thing I will say around this is I -- it get -- you know, back to the implementation mechanisms, I remain very concerned that we have 3,000 housing authorities, and multiple housing finance agencies, and then multiple city governments, and I -- I really think we need to be looking at administrative mechanisms that are more regionalized, that there is incentive for collaboration at the regional level, you know, to get to, you know, these opportunity issues, in different localities, and to get to, you know, both racial equity and, you know, climate change issues, in terms of where the supply is going. So, there's so many issues that, you know, you need to look at, at a higher level than the individual neighborhood or locality.

MS. EDELBERG: Erika?

MS. POETHIG: I would just add to that, and I -- I agree with Carol, that we need to define what that means. But somewhere between one in four and one in five renters receive housing assistance, and that is because it isn't a safety net available for everyone. And so, President Biden has, in the campaign, has committed to working on policies that expand the availability of rental assistance to all eligible renters. And so, for this definition, it would be all very low-income renters, in order to make that eligibility more widespread. Having -- if we had that policy in place, today, going into this crisis, and people were eligible for rental assistance, they could have applied through the voucher program, to be able to receive that assistance, potentially. So, that, I would say, is one form of what it might mean for it to be a right, is the availability of rental assistance, in a crisis like this. And I would say it comes, really, into sharp relief, when you see the healthcare system covering housing costs because there isn't an

entitlement on the housing side. So, you know, nursing homes are essentially a form of housing that is paid for through Medicaid, as an example.

We see that the absence of having housing availability means that we have a growing share of people who are unsheltered homeless, who cycle in and out of jails, in part, because they are -- because we've criminalized poverty, in ways that make jails a form of shelter, rather than housing a form of shelter. So, I do think that sort of the absence of having the availability of the assistance is creating costs, certainly, in other systems, but is also diminishing other outcomes, longer-term important outcomes, overall, for our society, and the people of color bear a disproportionate amount of the brunt of the absence of that assistance.

MS. EDELBERG: Great context. So, Ingrid, I'm going to let you jump in, and then, Maurice, you'll get the last word.

MS. ELLEN: Yeah, so, I was just going to add -- I mean, I agree with everything that Erika and Carol have said. I would just add that there is, you know, excellent research, some of which has been done by my co-author, Rob Collinson, on the collateral cost, the significant collateral cost of housing stability, and evictions. So, I think that's sort of yet another justification for making these investments.

MS. EDELBERG: Maurice?

MR. JONES: And -- yeah, I would just say it is definitely time for us to have a serious discussion about housing as a right. I -- where I think we've got to wrestle with the definitional issues. But there's no question in this country, if you're going to get at, as I say, these incredible gaps and disparities that we're having, housing has to be part of the solution. And so, yeah, I think it's time to have a conversation about what this means, what it would look like, and what the implications would be. I'd welcome that national dialogue, if you will.

MS. EDELBERG: Well, this has been a terrific conversation. Thank you so -- thank you very much to Ingrid, and Rob, and Ben, for a really ambitious proposal, that I hope everyone goes to the Hamilton Project website to read, and I hope it spurs a lot of thinking. And thanks to the four of you for a

great conversation. I am now very happy to turn it over to Ben Casselman, who will be moderating our next panel on equally ambitious ideas to rethink the unemployment insurance system.

MR. CASSELMAN: Thank you so much, Wendy. And thank you to the Hamilton Project for organizing this. Thank you all for being here today.

I suspect that it is not a mystery to anyone watching this why the Hamilton Project would include a session on UI in today's event. It has been, to put it mildly, quite a year for the unemployment insurance system. At the peak last spring, more than 20 million people in the U.S. were receiving state unemployment benefits, and millions more. Hopefully, we can spend a few minutes later today on UI data quality and get a more precise number on that. But millions more were receiving payments under the Pandemic Unemployment Assistance program.

And I don't think it's an exaggeration to say that the UI system saved millions of people from hunger and homelessness and poverty last year and perhaps saved the U.S. economy as well. That was due in part to the unprecedented expansion of the breadth and duration and generosity of the UI system during this crisis.

But last year also exposed deep cracks in our unemployment safety net. Weeks-long waits for benefits, jury-rigged policy solutions to work around archaic state computer systems, benefit cliffs that left millions of people wondering if they would lose their only source of income, which in some cases they did. And as with so much else in this pandemic, there have been stark disparities that UI recipients receive by race and ethnicity.

So clearly there's a lot to fix, and we're here today to talk about the lessons of this crisis, as well as lessons of past crises and how we can redesign our UI system for the next crisis.

We've got four experts joining us, and I'm going to keep the introductions here very brief so that we can spend as much of our time here hearing from them as we can.

Arin Dube is professor of economics at the University of Massachusetts Amherst. Rebecca Dixon is executive director of National Employment Law Project. Till von Wachter is professor of economics at UCLA and the faculty director of the California Policy Lab. And Angela Hanks is

counselor to secretary at the U.S. Department of Labor which she joined earlier this year from Groundwork Collaborative.

So thank you all for joining us. And Arin, I'm going to start with you here. You're actually out today with a proposal for how to reform the UI system. So maybe we can just start with you giving us a rundown of what it is that you're recommending.

MR. DUBE: Thanks, Ben. Yes. I'll be happy to.

My plan has five specific proposals. I'm going to walk through them briefly here and I'm happy to talk more about it during our discussion and the Q&A.

So my first proposal would convert the UI to a fully federally financed and administered system, like Social Security in order to make it more equitable and easier to manage.

So currently the UI is a hybrid state-federal program that's administered by the states which have great leeway over the amount of aid that they actually provide. Allowing states to set eligibility and benefits levels has led to arbitrary and large discrepancies across the country. For example, the maximum weekly benefits are as low as \$240 a week in Arizona versus as high as \$855 in Massachusetts where I am now. Seven states have less than 26 weeks of maximum benefit durations, which is how long you get the benefit for, under regular UI. Eligibility standards vary widely as do the tax rates and basis to finance UI. Currently, the UI trust funds are not in great shape and already there's talk about cutting benefits in some states after the federal funding runs dry. So moving to a fully federal system can greatly help in setting reasonable standards.

My second proposal would expand who is eligible for UI. Many workers fall through the cracks of the UI system. Not eligible for coverage, especially in some states. My proposal would expand eligibility by changing the minimum earnings requirement and allow some types of voluntary separations like workers who are experiencing hours or wage cuts through no fault of their own, extenuating family circumstances like illness, childcare, relocation of a partner. These are things that exist in some states but under my proposal it would apply nationally using best practices.

In addition, I propose a job seekers' allowance which provides a more limited benefit to

those who are unemployed and actively searching for work but do not qualify for regular UI like gig workers or new entrants.

My third proposal would tie the benefit duration -- so how long you get the benefit for, the maximum number of weeks -- to state and national unemployment rate triggers. We currently have a fairly ineffective trigger base program called the Extended Benefit System. Because it's not so effective, during downturns we tend to pass emergency extensions of benefit durations, like we're doing now. But these are often fraught with debates and driven more by politics rather than economic conditions. My proposal sets the maximum benefit duration based on seven tiers of state and national unemployment rates that automatically extend UI for up to 98 weeks. In future downturns, the system would automatically adjust based on the severity of the downturn.

My fourth proposal would increase the replacement rates. So the benefit levels is a share of prior earnings. Currently, regular replacement rates I believe are too low for many workers. This has led to ad hoc adjustments, like the current \$300 weekly boost. Under my proposal, replacement rates at the very bottom could be as high as 80% of the earnings then tapering down to 50%. In addition, it would have a two tiered weekly boost, benefit boost during downturns for up to \$200 a week in really deep downturns, \$100 a week in less deep downturn again would be tied to the national unemployment rate trigger.

My final and fifth proposal is to boost work sharing programs. Work sharing, or sometimes called short-time compensation, allows employers to cut hours instead of doing layoffs where workers with reduced hours qualify for UI. Currently, it's only available in some states, and even there it's not used very much. My proposal would streamline the application process and incorporate it into the federal level, increase employer awareness with information campaign strategies, make it easier to use it by allowing for up to 80% reduction in hours for enrolled workers, and finally and importantly, provide a refundable credit to businesses to cover healthcare costs of workers who enrolled as an additional incentive to use short time compensation.

So overall, I think these five proposals would make UI a much more robust and

responsive program to provide relief to folks who are out of work. So I'll stop here.

MR. CASSELMAN: Thanks, Arin. I really appreciate that.

Rebecca, I want to turn to you next here. And I'm hoping that you can help us sort of set the stakes. Who is being hurt by the flaws in our current UI system and how should that inform our approach to fixing the system?

MS. DIXON: Sure. So we've seen in this recession that the UI program is critical. Right? It's basically the only program that provides any kind of income support, notwithstanding the stimulus payments that we've seen this time around. So, for example, in the last recession there were payments of \$634.8 billion, and that kept 11 million workers above the poverty line and prevented 1.4 million foreclosures. So when we're talking about the connection to housing it's very direct here.

You know, as was the case during the New Deal when the UI program was created in 1935, the labor market is highly segregated. And you know, you may be surprised to know that even now when you account for educational attainment, 87% of jobs can be classified as racially segregated. And so that's like nine out of 10 of our jobs are racially segregated. And so what that means for policies like UI is that folks are excluded when we're not careful about how we design the program.

So in the New Deal, when it was designed, race was never mentioned. But because of labor market stratification, a lot of groups of workers were left out. So nearly half of Black men, Mexican American men, Native American men and women, plus significant numbers of Asian American workers, and it fell most heavily on Black women who worked in agriculture and did domestic work, and so 90% of them were excluded. And so if we're talking about this is the baseline of a system, we can see now why, even now, workers of color have the lower UI receipts even though they have the highest unemployment rates and the longest spells of unemployment.

And so what you have now I would argue is not a broken UI system, but you have a UI system that's actually working the way we designed it. And we designed it with the ideal worker in mind. And in the '30s that was an able-bodied white male worker who was working full time, probably in trade or manufacturing. And we just haven't updated the program to meet today's workforce over time. So it

hasn't been modernized. And I would argue that it's still designed for the ideal worker which is more like someone making middle class wages who has steady hours and access to computers and high speed Internet and all of those things. Right? So we've created a system that is ideal for those folks and those are the people who are able to access it.

And I would argue that UI should actually provide a uniform baseline of benefits to all workers regardless of race, gender, and geography. And geography is important here because in Southern states, the programs, as Arin mentioned, are less secure for those folks. And so we know that the benefits are stingier and the eligibility rules are much tougher in those states. And eight out of 10 of the states with the lowest replacement rates have the highest percentage of workers of color.

And so we have designed a program that is working and it's not working for all in our labor market. And so there's an intersection here with what folk will call low-wage workers. I would argue that they're more accurately called underpaid workers since we haven't raised the minimum wage in so long in this country. But the General Accountability Office did a study, and what they found is that low-wage workers are almost two and a half times as likely to lose a job but they're only half as likely to receive benefits. And this is true even when they're doing similar types of work and similar types of timeframes in terms of full-time versus part-time. And, you know, there's other things that we can talk about later in the Q&A I'm sure around the digital divide and how that impacts equitable applications for UI and receipt of UI.

But I'll end with talking a little bit about solutions. So one of the main reasons that workers don't get UI is because they don't apply for UI. And in the case of workers of color, they often don't understand the program because it's very complex and there's different rules for each state. And they also just don't believe they'll get it so they don't apply. And we have now partnered with Working America last year for a project where we basically did some outreach and intense peer community support to increase UI receipts among Black workers, and it was actually effective -- it's definitely a work in progress but so far we can report that we increased UI claims by an estimated \$12 million in the experimental counties.

And so I would just end with there are ways we can improve the program -- Arin has talked about a lot of these in his comments -- where we can make it more equitable and make it more effective for the economy. Thanks.

MR. CASSELMAN: Thanks, Rebecca.

Till, I want to turn to you next here because some of what we're hearing about here in terms of the problems of the UI system I think are pretty well known to those who have followed this closely over the years. But the crisis has also sparked a lot of new research, including some of it from your team in California. So I'm hoping you can talk to us a little bit about the work you've been doing and what we've been learning about UI during this crisis.

MR. VAN WACHTER: Thank you, Ben. It's a pleasure to be here.

I'm going to make two points. One is data on unemployment insurance is owned by the states and access to it is highly restrictive. So the way we have to go about UI reform is a bit like deciding how to fix a car without having been able to take it apart. Some things can be diagnosed really well by seeing how the car is driving, but for others it would be really helpful if we could look under the hood.

And so through a partnership with California's UI agency, the California Policy Lab has been able to access some of this hard-to-get data. And so we've spent the last 12 months under the hood of the car, so to speak. And here are some of the insights from our monthly UI reports that would be hard to get otherwise. And we can talk about more during the discussions.

At a national level, we don't actually know how many workers are receiving UI in any given week. And this is because published statistics show the number of weeks of benefits that individuals claim, not for what week they claim it. So with our data, we can look at the actual number of unemployed workers receiving UI benefits each week or say the unique number of claimants during the crisis. And this allows for some new insights.

For example, we found that 20% of workers in California that were working prior to the crisis have experienced long-term unemployment during the crisis, putting a large number of workers at

risk of experiencing adverse consequences from unemployment. And as Rebecca mentioned, we've also seen tremendous inequities in the cumulative impact of the crisis.

So, for example, 42% of Black workers in California had filed for regular UI compared to 24% of white workers. And at the same time, unemployment in more vulnerable neighborhoods were less likely to receive UIs. And we have started slowly to understand some of the reasons why.

We've also found substantial churn in and out of UI benefits to California that as many workers that were on UI and found a job lost their job again and returned to UI. And this can partly explain why total initial claims in California are still so high 12 months into the crisis.

In addition, about 10 to 20% of claimants received UI not because of layoffs but because their hours got reduced so they kept working. In addition, between 60 to 90% of individuals reported when they filed for UI they expect to be recalled to their prior job. So this and the churn in and out of UI means workers and employers have remained connected to some degree during the crisis.

And this brings me to my second point, and Arin and I agree here. I think the crisis is a great opportunity to change the way we think about UI and put more focus on layoff prevention. Once workers are on UI, my and other research shows that part of the long-term damage from layoffs to workers in the economy is already done, especially during the recession. So moreover, by paying workers after they are laid off, UI itself may partly contribute to longer unemployment spells and possibly even to worse jobs.

But we have another program called work sharing or short-term compensation that's already part of the UI system in many states and it helps to avoid layoffs. So work sharing allows firms to lower labor costs by reducing work hours while their workers receive partial UI payments. And on top of it workers retain job benefits such as pensions and healthcare. Now, this program helps employers to hold onto their workers and prevents large-scale job losses that are damaging for workers and the economy. And as it happens, at least in the past, there's also been bipartisan favor.

Now, the work sharing program is currently the ugly duckling of the UI family in the United States but it has played a major role in European countries during the crisis. And the following three

reforms would help work sharing to grow up and be more effective at layoff prevention. And you can read more details on my webpage.

First, it would really help to make participation in work sharing a requirement to obtain business emergency loans. That way we give businesses needed flexibility and we make sure workers are actually staying employed and are getting paid.

Second, allow payroll processors to pay work sharing benefits to workers during the recession or crisis. That would make it vastly easier for firms to use the program.

And finally, work sharing is good for workers and for society, but it is likely to be more costly for some employers at least. So the final recommendation is to provide a subsidy to firms that use work sharing instead of laying off workers.

I agree it is time to build a strong UI program. I'm co-chairing a task force on UI reform with the National Association of Social Insurers, but I think it's also time to build a real attractive alternative to layoffs that helps us avoid some of the substantial costs of unemployment and that is ready for the next recession or the next crisis.

I'm going to pass it back to you, Ben.

MR. CASSELMAN: Thank you, Till.

And so Angela, coming to you, finally here. We've been talking and hearing about ways to fix the UI system but unique among the panelists here, you are actually in a position to help do something about it. So I wonder if you can tell us a little bit about how the Biden administration is thinking about UI, both now and then also kind of the somewhat longer term.

MS. HANKS: Yeah. Thank you so much. I'm very glad to be here and joining you all today.

So, yes, it is a daunting task given all of the kind of various issues with the systems. The folks who have come before me have laid it out, and I wanted to touch on a few things that we've already done or are thinking about and talk a little bit about the moment that we're in right now.

So before I get into the things we're doing, I think it's important for us to continue to

acknowledge that we're still in the middle of a crisis and a pandemic; right? We're all doing these panels from our homes. There is still a deadly pandemic out there, so as we're talking about unemployment and as we're talking about workers and sort of what they are able to do in the labor market and sort of their ability to find good jobs, to keep them, I think it's important to keep that in mind because it does certainly influence the way that people are able to interact with the labor market and with employers.

Just tagging on to that, you know, we have seen major improvements. The unemployment rate overall is now at 6%, although I would note that the Black unemployment rate is still just below 10%, so we really do have a long way to go in terms of improving the economy. And I'll point to Chair Rouse's remarks earlier where she noted that we're still 8.4 million jobs in the hole here just given the scope and the magnitude of the crisis. So just wanted to set the table a little bit in terms of where we are and sort of where workers stand at this moment.

That said, in the last year, in the last couple of months we've seen a lot. Right? So from the Pandemic Unemployment Assistance programs, from spring up almost overnight to provide assistance to workers who previously hadn't been eligible for UI to the Pandemic Unemployment Compensation program which allowed workers to get an additional benefit which again, I think to Arin's earlier point, you know, just really underscores that the benefit levels often are insufficient for many workers and so that really was necessary to make sure that workers could be protected during the crisis. And then the American Rescue Plan, of course, which was passed last month, extended many of these benefits. So there's an additional \$300 that expires in September. We also extended PUA. And so, and states have really quickly implemented those changes. And so workers who are eligible for those programs have continued eligibility at least through September.

So those are a lot of things that have happened in the last year, but I think as the folks on this call have pointed out, it's certainly not the end of things we can do to improve the unemployment compensation program; right?

So there are a few things that we're doing right now. I think one major thing that came out of the American Rescue Plan in addition to the extension of the FPAC and PUA was some funding to

go toward improving UI systems. So something that many folks on the call have already mentioned is that we're really operating on an old model, I think both in terms of technology but to Rebecca's point, also in terms of the way that we're thinking about what workers access the system and who sort of the unemployed worker is and what their profile is.

So, in the American Rescue Plan, Congress gave us \$2 billion to prevent fraud, to improve equitable delivery, and to ensure timely payments. And really, you know, I think even though millions of workers have been able to benefit from the enhanced UI that was passed over the last year, certainly there were some real challenges with implementing those programs. We were talking about old systems that frankly just were not designed to do the things that we needed them to do, and here's the thing: obviously in the moment of crisis we have to do everything we can to make sure that we're stabilizing the economy and protecting workers, but we also have a real responsibility of reflecting back and thinking, okay, well, we know that we're going to see another crisis again in our lifetime. This time it was a pandemic. Ten years ago, you know, it was the Great Recession. We know that these downturns will happen. We have a responsibility to make sure that these systems are actually made more resilient so the next time we're in a crisis we're not sort of facing the same problems that we faced a decade ago or two decades before that.

So I think one of the first things we're thinking about is how do we really provide sufficient support to states to improve their programs, to ensure that workers can get benefits, to ensure those benefits are timely. I mean, we're talking about the only income that many millions (inaudible) doing that, and really, it goes to the heart of I think this administration's approach to UI reform as it really does have to be equitable, as does all policymaking.

I'll stop there but looking forward to digging in much more.

MR. CASSELMAN: All right. Thank you. It was a great start here. And obviously, a lot for us to dig into.

I know many of you in the audience have already submitted questions. We've got some good ones. But if you're still got one, it's not too late. You can ask questions on Twitter using the

hashtag #SocialSafetyNet or you can go old school and send us an email info@hamiltonproject.org.

But I want to maybe start here where, Arin, you began, which was talking about the challenges here of the 50 states or really 53 jurisdiction system that we have now. And I'm curious from you, and then I'd love to hear from some others here sort of to what extent we can achieve any of the things that we've been talking about here from within the framework of this 53 jurisdiction system, or if this is all kind of predicated on needing to federalize the UI system.

MR. DUBE: That's a great question. Let me say that moving to a fully federal system is an important plank of my proposal as I see it because, again, I see few benefits and many costs to the current hybrid system. At the same time, you know, transitioning to a fully federal system has costs and you can -- there's things you can do. The other four proposals, to a certain extent you can accomplish those under the current states federal hybrid system if there are sufficient incentives to states to do the right thing. Right? And that could be done through a variety of ways, including, for example, the offset for the FUTA tax. The tax that employers pay and then get reimbursed, most of it, from the federal government. You know, for example, that could be contingent on states having certain standards. So there's a variety of ways in providing carrots and sticks to states to do these things. It just gets trickier as I see it. And, you know, I think also when it comes to the financing there's a race to the bottom that seems to happen where states essentially don't want to increase the tax enough to actually have sufficient benefits. We're already seeing this. There's discussions of cutting benefit levels to states after the federal funding runs out. And so I think there's a lot of reasons why having a federal system which uses payroll taxes to pay for the baseline normal times level of unemployment benefits and general federal revenue to pay for the rest, which also adds more stimulus to that approach makes a lot of sense.

Can it be done under the current hybrid system? It can, but I think it's there to ensure both the administrative capacities are really up to snuff and the standards that are set are sufficient across the land to have a fully federal system.

MR. CASSELMAN: So I want to let other people jump in on that but let me start here. Is there anyone on this panel who wants to defend keeping it as a 50-state system or is there anybody here

that does not like the idea of federalizing this in some way?

So there's our headline for the reporters on the call: full endorsement of federalizing UI.

Is there anyone here who wants to jump in on this question?

MR. VON WACHTER: Something, just a note of caution. The big advantage of federalization is that states can do a lot of things on the ground to make benefit access hard that are hard to put on paper if we were going to assist them with sticks -- carrots and sticks, so to speak. And having a federally administered system might help. Right?

On the other hand, the federally administered system is at arm's length of changing federal political fortunes and, you know, the federal system may hedge against, you know, weakening of the UI system during certain administration. And so it's certainly I think worth carefully thinking of what we can do within the current system that, you know, we've seen it slowly degrade over decades for certain reasons that are partly well known, there might be, but it's been a robust part of American life. Right? So envisioning a world in which we can't salvage the state system and make it more robust is certainly a worthwhile exercise to contrast it to federalization.

MS. DIXON: So I would just chime in on the experience of cars with the states. Right? So in the last recession there was a program in the Recovery Act called the UI Modernization. And I led a campaign with NELP to get states to expand their benefits in exchange for incentive funds. And 39 states did make some changes, but those states that I talked about earlier, those Southern states that are, you know, have high populations of people of color, they turned the money down. They left it on the table.

And so I think we need to have a commitment to dismantle the structural racist ways in which these programs work. When states have a lot of leeway in what they can select, we find that states that have high populations of Black workers actually don't invest in any kind of like public good like UI. And we see the same thing with things like minimum wage where the Southern states don't have a minimum wage, and so the only way those workers will get a raise is if the federal government acts. And so I think there may be a mix of carrots and sticks that would work related to this, but I do think we have to actually take this head-on, that it is unacceptable that there's not a baseline.

So I'm not saying that Massachusetts can't do better than Mississippi; they absolutely should. But Mississippi should do better and there should be some kind of baseline that workers can expect no matter where they live. And if we can figure out how to put that in place, then states can make the programs better than that. But there should be some sort of baseline that workers can expect.

MS. CASSELMAN: Angela, anything you want to add there?

MS. HANKS: I don't think I'll make news here but, you know, I think that obviously we're responsible for administering and working with the 53-state systems that we have now. I think to Rebecca's point, and you know, it is certainly a real challenge to have so much variation across states, and I think some of the things that we're trying to do, especially thinking about implementation of the ARP is really thinking about how we can provide services across all of the states that are, you know, address common problems and common pain points that exist across the board. It's certainly just one thing. I don't think it is necessarily the sum total of the four but certainly, you know, I think kind of given where we are now, that's really where we're focused is trying to make sure that we're sort of lifting the four in any way that we can.

MR. CASSELMAN: I'm curious to stay on this a little bit for a moment here. I think for a lot of Americans, sort of their first experience with the UI system in this past year was one of extreme frustration, right, was busy signals and crashed websites and lost records and all the rest of this. Rebecca, I know NELP has talked to lots of people who have been dealing with this in one form or fashion. And I think that there was sort of some degree of recognition that this was a unique moment in terms of tens of millions of layoffs that sort of happened overnight. But these are not problems that are new to the UI system. The degree of them it maybe was, but we've certainly heard some of this before. And so I'm curious if you, Rebecca, could maybe start here speaking to what the impact has been in terms of actual workers' ability to access benefits that they're owed before we even talk about any of the actual expansion of eligibility.

MS. DIXON: Right. We've heard from workers who have been months waiting on their benefit payments. They can't reach anyone to ask any questions about it. We've talked to workers who

at the beginning were not able to actually even apply online because the systems were not open 24 hours, so they would shut the systems down at night and people would get up in the night to try to apply and they couldn't go in.

I think, you know, there's a way in which lots of systems that we interface with, you know, now, personally, that are around financial banking, all those things, none of those folks are running data or technology systems that are probably more than 5 years old. And we're talking about systems that are 25 years old or older in the states. And so it was kind of an enormous ask to ask states to immediately be able to flip and process all these claims given that the way they're funded they were at a low point in their financing because it's based on the unemployment rate and the unemployment rate going into this pandemic was really low.

So you know, I don't want to say that the state folks, I know they were working as hard as they can and they still are, but they haven't been given the funding to get this done and to do it well. And so we have an opportunity here to actually change the way this works, and I think that the outcry from workers, some like you said, Ben, who have -- this is their first experience ever with UI, that that should drive us to actually make some structural changes to improve the experience for workers going forward.

MR. CASSELMAN: Till, you alluded to this in your initial remarks, but there are really pretty dramatic differences in reciprocity rates by state, even again through setting aside some of the official policy positions here.

You're muted, till.

MR. VON WACHTER: The interesting thing we find is that within California, which is a uniform system, there are dramatic differences across neighborhoods and communities. And those can be partly explained by things such as broadband access. And we looked into this. I mean, there's a real digital divide in this country. And for somebody who has broadband access, a laptop or a PDA and a valid ID, you know, verifying your ID is a thing of five minutes. For somebody who is missing either of the three, and that's going to be a very large proportion of lower income workers, that's an ordeal because, of course, there's millions of workers out there filing, you know, thousands on the phone. And so the

structural deficiencies are really unequally distributed since the first fix is to have a better online site.

And so I just mentioned a couple of the specific things we found. There are others such as poverty, language, you know, to some degree immigration status. You know, the racial diversity of the neighborhood. I mean, some expected differences. But this is within a state, not even counting cross-state differences. So we really have a lot of work to do. And so the easy fixes probably won't do it for some of the most vulnerable that couldn't get access to UI benefits.

MR. DUBE: I just want to jump in here a little bit let going of some of this and thinking about solutions. So in my proposal, for example, in order to raise awareness and reduce the cost of application I suggested the federal government should automatically send a letter to employees about potential eligibility when they separate from an employer so employers would be required to actually let the federal government know, or this could be done at the state level, similar to the Warren Act, for example, if there is a worker who is laid off. And at that point we really have in the UI system enough information to even calculate, you know, for many people what the benefit level would be based on the earnings that actually are reported by employers. Sometimes it's not timely enough but that can also be changed.

So in principle, this can be done a lot more simply if we actually updated our infrastructure of how we handle the data, how we handle communication, and really make it a lot more of an easy process than it is currently.

MR. CASSELMAN: So I'm sorely tempted, Arin, to take that as my cue to ask about data but I'm going to put that on hold for a minute to shift our focus to expanding UI. And in particular, one of the big hallmarks of this crisis has been the PUA program and this expansion of UI to cover a whole set of workers who are left out of the regular system. And I'm curious sort of what we can take from that in terms of lessons. And Arin, I mean, you refer in your paper to the fact that there are some complexities to designing a system, a permanent system to cover freelancers and self-employed workers, for example. I'm curious what lessons you think we've taken from the PUA experience.

MR. DUBE: Yeah. I mean, I think the PUA has played a really important role in yearly

catching people who would otherwise fall through the cracks in many ways. But of course, you know, this was something we sort of designed on the fly, right? Back like a year ago, Jesse Rothstein from UC Berkeley and I wrote something called "Pay Now, Verify Later" because, you know, sort of at that time, if we had to go through very elaborate -- design a new elaborate verification process for people who are not, you know, who may have -- who may not have earnings that are easily tracked, etc., it would have really been a major impediment to people receiving benefits at the same time, as we know, but also, of course, if you do this for an extended period of time that does open the door to fraud, misuse, etc. Right?

And so we're designing a system from scratch without the pressure of like, you know, I need this last week. In that case I think it makes sense to take into account some of the challenges, if you're going to provide benefits to people who have not had earnings before, right, I mean, entrance. There are possible, you know, issues about gaming and there are possible issues of misuse. So what I proposed, for example, is a more paired down benefit that you would get and there would be sort of a time limit and how much you can get of this benefit over let's say a six-year window. And there would be, you know, more stringent verification for, you know, job search requirements. So take into account that this is a population for whom there may be greater risks of some abuse. At the same time, it's also really important in my opinion to provide some benefit to folks who otherwise may fall through the cracks.

Now, I think, again, making eligibility easier in regular UI can go a long way as well and we should do that as I state in my proposal, but I think even at the end of the day with that there's some room for having what I call the job seekers allowance. Again, this is not my original proposal in some ways. Others have also suggested this but I do think that it has a room.

MR. VON WACHTER: Can I chime in on one point? Young labor market entrants are a difficult case and a very important case because some work I've done and others is that their entry into a recession can really follow them throughout the rest of their lives. And it's hard to verify, you know, what they're doing because they have not been working before. But if you go back to PUA, in principle, for many, right, the information of what they were doing prior to the crisis was available to state tax authorities. So since we have a system of silos where the PUA system is sitting in one silo and

information on tax filing for the self-employed and information return for gig workers are sitting in another silo. The silos are already, you know, there's some slippage but not enough. If you were designing a new system thinking about data integration at some key junctures -- I don' want to push you in that direction; right? But will be crucial or we can do much better than we did; right? Then we even could have done in verifying some of the identity issues or whether workers really had been working before or not.

MR. CASSELMAN: Angela, I'd love for you to jump in here as we think about this going forward or who should be covered by UI and whether we need a separate system to cover workers who fall outside the traditional system or how else will we tackle this?

MS. HANKS: So I'll just start by going back to something that Rebecca said earlier that I think is really important to keep in mind is that, you know, the labor market has changed significantly since UI came to be in the 1930s. We are in a different place in many ways. I think we can have an entire other conversation about whether some of those developments are positive or negative but it is true that it's different in many ways, some positive, some negative.

You know, that said, I think as we're reflecting on this last year and what the UI program has been able to do, I do think that there are some important lessons here that we can and should take away. There are millions of people who had it not been for the PUA program would have had no income during a once in a generation pandemic and recession. That would have had devastating effects on our economy overall. It would have been devastating for millions of families, for millions of workers, for millions of children. I truly can't emphasize enough the negative impact that it would have had on so many workers across the country.

And so I think given that, you know, certainly, you can kind of look back on what Congress did last year and say this was very smart. This was a good way to address what is in some ways a unique crisis but in some ways is not a unique crisis; right? We do have recessions all the time, and regardless of whether it's a pandemic or not, a recession means there's a loss of jobs. So I would just say that I think, thinking about those lessons that we've learned, thinking about the impact that these

programs have had on the economy or writ large, I think Arin lays this out very well in his paper, sort of the stabilization that these programs provided during a really critical time. You know, we were at 14% unemployment this time last year. I don't think that's happened in any of our lifetimes before. That is something that's really important and also shows I think even though obviously, you know, there were real challenges that I don't want to underestimate in standing these programs up very quickly and there's reasons to think about why we would maybe want to avoid that in the future, we did see a real impact on our labor market right away and on the economy writ large right away, and so I think that's important to keep in mind as we think about looking forward.

MS. DIXON: Ben, can I just jump in on this one? I would just say more globally when we're talking about UI and how do we fix it, I think we should actually look at how we would reimagine UI. If we wanted to create a system from scratch that's going to cover every worker, you know, to some degree, how would we design that? As opposed to starting in the opposite direction of trying to figure out how do we tack people onto the system that we currently have. I think if we do that reimagining and creative work, we can actually overlay that onto the system that we currently have. That's going to give us much more possibility when we think about how can we afford this system, how do we make sure that we're factoring in, you know, not creating moral hazards and those kinds of things. But I think we actually have to decide that that's what we want to do first before we can actually figure out how to do it well.

MR. CASSELMAN: Yeah, actually, Rebecca, I'd love to stay on you for a moment on that question because I think often when journalists like me have written about PUA, we've talked about it as this program that covers the self-employed and independent contractors which is true, but there are also a lot of people who ended up falling under PUA who I think fall outside of that group -- low-wage workers, part-time workers who fall -- who don't qualify for regular UI, who we might think of, somebody who doesn't know the system as well might think, oh, well, that's a person who would qualify for regular UI. So, I mean, to your point, the existing system actually doesn't cover a lot of even W-2 workers.

MS. DIXON: Correct. Correct. So in a lot of states, if you're a part-time worker and you're like a part-time worker, say you've worked for the same company for 12 years as a part-time

worker, depending on your state law, if you're laid off, you may not qualify for UI because that person, particularly in the case of women workers who especially right now are trying to balance family and work and caregiving, if you're only available for part time, that's what you've done for the last 12 years, but in my state if you're not available for full time you don't get UI. So those are folks who, like you're saying, would have then been eligible for PUI in this extra thing that Congress created that aren't eligible in some states right now. So it really does need to be sort of a holistic thing that we look at where we say this is our labor market right now. How do we cover this labor market in 2021 and not try to superimpose a structure that was from the '30s and that's only been updated in minor ways across time. But the modernization of the UI program has been really minor and in some states, you know, almost not at all.

MR. CASSELMAN: So we're moving through our time here at a clip so I'm going to move on here if that's all right.

But I wanted to come back to an idea, Arin, that you brought up early on here about triggers. And there are a couple of things in your proposals that are tied to the national unemployment rate. As Wendy asked Chair Rouse earlier today, sort of made the point that national unemployment rate was a funny thing in this particular crisis, right, both in terms of how quickly we would have gotten benefits out and then how quickly potentially now we could be pulling back some of those benefits. So I'm curious sort of in light of what we've seen over this crisis and how we should think about those triggers tied to national data.

MR. DUBE: Yeah. So I think in my proposal I have the benefit duration, how many weeks of benefits you get, tied to both national and state level unemployment rates. I think it's absolutely important to have both because there are certain parts of the country that suffer differently than the rest. So I think that makes sense. I think, in general, the unemployment rate, the total unemployment rate triggers have actually mattered more when it comes to the current extended benefits program. We can use insured unemployment rate but I think in practice that would have not mattered very much for actually triggering benefit levels. I agree that this particular recession, of course, is a very unique thing where just the delay in the actual unemployment rate, the total unemployment rate publication could have

some impact. If one wants to, as I point out on the report, you can also supplement it with using the insured unemployment rate properly done could allow for faster responses. But I think in most sort of normal recessions, I think the total unemployment rate in my mind is better. Now, is that the only trigger? No. I think there are different triggers possible, but I do think generally the triggers should be at the national and state level.

I'm just going to say one small thing about something that I think Till mentioned that I think also has come up is that what happens with the federal standard? Can you push down standards beyond where they are at state levels? And that is a worry but I'll say two things. One, Social Security. That doesn't seem to happen there so I think it's possible to build federal standards that are relatively robust. Second, as I also point out in my proposal, you can allow states to go beyond the federal standard as long as they collect the peril taxes for the additional boost. So think like minimum wages. There's a federal standard and there's state ones. And one can do that and they can provide additional safeguard if the federal floor becomes overly weak.

MR. VON WACHTER: Let me chime in on triggers just for a moment --

MR. CASSELMAN: Yeah, very, very quickly because we're about to run out of time.

MR. VON WACHTER: -- we've been working on. I think we have to be mindful that measuring local economic activity, especially for smaller states, becomes very difficult. And so using a much broader definition of IUR triggers and using the systems data might be really helpful here. And just putting in that the same trigger-based systems should trigger on, should revamp work-sharing systems to help prevent some of the massive layoffs we've been seeing in this recession and other recessions.

MR. CASSELMAN: Great. We're at time here. If the moderators will indulge me I'm going to ask -- give everyone a chance to give just very quick closing thoughts here.

Angela, maybe let's start with you.

MS. HANKS: Yeah. If it's okay, I just want to pick up on this idea of triggers because I do think it says something about our kinder broader preparation for recessions. You know, I think the triggers are incredibly important and I think, you know, making them more sensitive is certainly an

important endeavor. I would also say, you know, to the point about sort of selecting dates for when we shut off enhanced benefits, you know, there's too many challenges with that. It sort of requires us to make our best guess about economic conditions in the future rather than relying on the data that we have.

And I would also say, you know, one of the real challenges that we should be trying to avoid is cutting off the flow of benefits too early. You know, for example, Black women did not fully recover from the last recession until 2018. I mean, we are not in a position where, you know, the recovery is sort of equal among everyone and we know there's extreme inequality in the labor market writ large. And so I think in addition to talking about triggers, we really have to talk about like sort of when we shut off the valve because really we know it's workers who are already the most marginalized who are hit the hardest when the benefits run out.

And then the last thing I'll just say is I think, you know, many folks have brought it up on the call but I just want to put in a plug for work sharing. That's something that we have already in our existing system. And while this conversation is really importantly focused on the many reforms that we can take, we do have some good tools at our disposal that we should take advantage of now as we think about what those broader reforms might look like in the future.

MR. CASSELMAN: Till, some very short last thoughts?

MR. VON WACHTER: I want to pick up what Angela mentioned. We want to, you know, reimagine and re-envision at the same time. You know, immediately get to work on how to use the tool that we already have better. Right? And I think one thing we've tried to do and I think where we could do more is to really better use existing data to learn about the system and to come away with some of the insights to say, okay, where are we going to push?

Are we going to push on work sharing? Are we going to push on PUA? So making an effort to get that data accessible to people to learn more about UI would be a great next step.

MR. CASSELMAN: Arin?

MR. DUBE: So I think we're at a pretty unique place right now. If you ask people, are

you, yourself, or do you know someone who has received UI benefits in the last year, we are going to have a larger number of people saying yes than we have probably had in a long, long time. So this is a unique opportunity where this is salient in people's mind. People actually have experiences, good and bad, with UI.

And come September, we're going to have a real challenge of figuring out what to do with both the enhanced benefits as well as extended durations. And it's really a time between now and September for us to do some really good thinking about structural reforms writ large as well as some of the smaller changes that are easier to do, all of that.

So I really, I think this is an important time to think about UI reform, and I think it's worth thinking about going big.

MR. CASSELMAN: Rebecca, the last word goes to you.

MS. DIXON: I think the moment is now. We have an opportunity, a window of opportunity. We're paying attention to UI more than we have since I've been working on UI, and now is the opportunity to get those urgent benefits out the door but also as Arin said, focus on long-term structural changes.

The moment is now. We can actually have an inclusive UI program that works for everyone. We just need to commit to it and make it happen.

MR. CASSELMAN: Well, thank you all for this. Thank you all for being here. Thank you to the Hamilton Project for putting this event on and have a good rest of your Tuesday. Thank you, everybody.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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Expires: November 30, 2024

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