

## **Financing Unemployment Insurance: Research Workshop and Policy Forum Hosted by the W.E. Upjohn Institute**

April 23 and 29, 2021

The financing of unemployment insurance (UI) is central to the functioning of the UI program overall. Funding shortfalls occurred in most states during the Great Recession and have occurred in nearly half the states in the current pandemic recession. During the Great Recession, those shortfalls led to benefit cuts in many states, and to payroll tax increases in virtually all states while the recession was still in progress. Similar benefit cuts and tax increases seem likely in the current recession.

Moreover, the current recession has revealed flagrant gaps in the ability of the UI system to deliver benefits in a timely and efficient way to eligible claimants. These gaps have resulted from an inadequate infrastructure and an unsatisfactory mechanism for financing the administration of UI.

In short, the current system of UI financing jeopardizes the efficacy of the UI system. Adequate financing of the system is a prerequisite for the provision of partial income replacement to job losers, as well as the for the system to act as an effective countercyclical economic stabilizer.

Paradoxically, less attention has been paid to financing UI than to eligibility and benefits. The reasons include the complexity of UI financing, the difficult problems associated with state trust fund insolvency, and a natural inclination to focus on the benefits of the UI program rather than its costs.

This virtual convening will include two parts. A workshop on Friday, April 23, will bring together researchers to present and discuss current research on UI financing. A policy forum on Thursday, April 29, will bring together a broad group of individuals and parties interested in reviewing and reconsidering how UI is financed. Participants will include federal and state administrators and policymakers, employer representatives, worker advocates, and researchers. We hope the group will examine the tradeoffs inherent in reform options and propose alternative solutions.

Central topics will include federal vs. state responsibilities in the UI program, funding for UI administration, the taxable wage base, experience rating and how tax rates are set, and the causes and consequences of state trust fund insolvency.

**Financing Unemployment Insurance: Research Workshop**  
**Hosted by the W.E. Upjohn Institute**  
**Friday, April 23, 2021**

All times Eastern Daylight

**Session 1: State Trust Fund Insolvency**

**Noon-1:00**

Chair: Michael Horrigan, W.E. Upjohn Institute

Mark Duggan, Stanford University

*Why UI Financing Matters*

Robert Pavosevich, U.S. Department of Labor (retired)

*State Trust Fund Solvency: What's Going On?*

Marta Lachowska, W.E. Upjohn Institute

*UI Trust Fund Dynamics and Correlates of Insolvency*

Wayne Vroman, The Urban Institute

*Four Ways to Repay UI Trust Fund Debt*

**Session 2: The Taxable Wage Base**

**1:00-2:00**

Chair: Marta Lachowska, W.E. Upjohn Institute

Kevin Murphy, Oakland University

*Incidence of the UI Payroll Tax*

Po-Chun Huang, National Chengchi University, Taipei

*Employment Effects of the Unemployment Insurance Tax Base*

Audrey Guo, University of Santa Clara

*Unemployment Insurance and Multi-Establishment Firms*

Isaac Sorkin, Stanford University

*Discussion of Taxable Wage Base Research*

**Break**

**2:00-2:30**

**Session 3: Experience Rating**

**2:30-3:30**

Chair: Chris O'Leary, W.E. Upjohn Institute

Michael Miller, U.S. Department of Labor (retired)

*Alternative Methods of Experience Rating*

Alix Gould-Werth, Washington Center for Equitable Growth

*Experience Rating and Participation in UI*

*(continued)*

Patricia Anderson, Dartmouth College  
*Experience Rating, Claims, and Denials*  
Andrew Johnston, University of California-Merced  
*UI Financing and Labor Demand*

**Session 4: Further Issues, Perspective, and Future Research**

**3:30-5:00**

Chair: Steve Woodbury, Michigan State University and W.E. Upjohn Institute  
Arash Nekoei, Stockholm University

*The Design of Unemployment Insurance: Benefits and Taxes*

Jeff Robinson, State of Washington Employment Security Department

*Examining Unemployment Insurance Financing in Washington State*

Alexandre Mas, Princeton University

*Financing Unemployment Insurance: Future Research Needs*

Daniel S. Hamermesh, Barnard College and IZA

*Financing UI Today: Rip Van Winkle's View*

*Current as of April 23, 2021*

## **Financing Unemployment Insurance: Policy Forum**

**Hosted by the W.E. Upjohn Institute**

**Thursday, April 29, 2021**

All times are Eastern Daylight

### **Session 1: Welcome and Summary of the Research Workshop**

**11:00-11:20**

Michael Horrigan, W.E. Upjohn Institute

*Introductions and Logistics*

Marta Lachowska, W.E. Upjohn Institute

*Summary of the Research Workshop*

### **Session 2: What Are the Problems?**

**11:20-12:15**

Moderator: Michael Horrigan, W.E. Upjohn Institute

Michele Evermore, Employment and Training Administration, U.S. Department of Labor

Dayne Freeman, Maryland Department of Labor

Douglas Holmes, UWC–Strategic Services on Unemployment & Workers' Compensation

### **Session 3: Policy Issues I – General Policy Issues**

**1:00-1:45**

Moderator: Marta Lachowska, W.E. Upjohn Institute

Arthur Sweetman, McMaster University

*Employment Insurance in Canada*

Robert Asaro-Angelo, New Jersey Department of Labor

*UI Financing Options for States*

Julie Whittaker, Congressional Research Service

*Expansion of UI to Self-Employed and Contract Workers*

### **Session 4: Policy Issues II – Experience Rating and the Tax Base**

**1:45-2:30**

Moderator: Steve Woodbury, Michigan State University and W.E. Upjohn Institute

Andrew Stettner, The Century Foundation

*Experience Rating Issues*

William Carrington, Congressional Budget Office

*Experience Rating, Forward Funding, and Automatic Stabilization*

Mathew Barewicz, Vermont Department of Labor

*The Taxable Wage Base*

## **Session 5: Breakout Sessions on Reform Considerations**

**2:45-3:45**

Moderator: Chris O'Leary, W.E. Upjohn Institute

- This session is designed for participation–themed questions will define each breakout room
- Report from each group

## **Session 6: What Have We Learned?**

**3:45-4:00**

Moderator: Michael Horrigan, W.E. Upjohn Institute

*Current as of April 23, 2021*