Race, Ethnicity, and Nonpayment of Unemployment Insurance: The Role of the Employer

Marta Lachowska Stephen A. Woodbury*

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Abstract

This study examines whether unemployment insurance (UI) claimants who are Black, Hispanic, or Asian are more likely than White claimants to have their claims disputed by an employer or ultimately not receive UI – issues central to ongoing concerns about equity in access to UI benefits. Using UI administrative wage and claim records from Washington State from 2005 to 2013, we conduct an analysis of workers with multiple UI claims filed with different employers, which isolates the influence of employer behavior on disputes and nonpayment of UI. We find strong evidence of employer-specific effects on the probability of a worker's UI claim being disputed, but relatively weak evidence that employer disputes translate into nonpayment of UI benefits. And after controlling for unobserved worker heterogeneity, employer effects, and time-varying covariates, we find only weak evidence that employers dispute the claims of non-White workers more than those of White workers, and no evidence of racial or ethnic disparities in nonpayment of benefits with respect to employer disputes.

*Lachowska: Federal Reserve Bank of Chicago, marta.lachowska@chi.frb.org. Woodbury: Michigan State University and W.E. Upjohn Institute for Employment Research, woodbur2@msu.edu. We are grateful to the Employment Security Department (ESD) of Washington State for allowing access to the Washington wage and claim records, and especially to Olga Kondratyeva and Jeff Robinson of ESD. We also thank the U.S. Department of Labor's Chief Evaluation Office for supporting this research at a very early stage. The views expressed do not necessarily reflect the views of the Federal Reserve Bank of Chicago or the Federal Reserve System.

1 Introduction

Research during the last decade has raised important concerns about the equity of the unemployment insurance (UI) system in the United States, in particular whether its treatment of racial and ethnic groups other than White non-Hispanics is fair. For example, Nichols and Simms (2012) examined Survey of Income and Program Participation data for 2010 and found that the percentage of Black unemployed workers who receive UI benefits — the UI recipiency rate — was 23.8%, compared with 33.2% for White unemployed workers. And an analysis of the UI Non-Filer Supplement to the May 2005 Current Population Survey by Gould-Werth and Shaefer (2012) found that, whereas 56.3% of White job losers applied for UI, 41.8% of Black job losers and 48.4% of Hispanic citizens who were job losers applied. Further, Kuka and Stuart (2025) find that unemployed Black workers who appear to be eligible for UI are substantially less likely than similar White workers to receive UI, and that lower UI take-up of Black workers accounts for up to half the Black-white gap in UI recipiency.[1]

Several possible reasons for these lower recipiency and UI application rates have been discussed and examined in the literature — lower UI benefit generosity and more stringent eligibility requirements in states with relatively high populations of Black and Hispanic workers (Skandalis, Marinescu, and Massenkoff, 2022), limited information about the program (Shaefer, 2010), and the hassle of claiming UI (Ebenstein and Stange, 2010). But a longstanding concern is that experience rating of the UI payroll tax gives employers an incentive to challenge or dispute the UI claims of workers they lay off to avoid facing a higher UI payroll tax rate (U.S. Advisory Council on Unemployment Compensation, 1996, pp. 109–110, 143–145). This concern has been supported indirectly by Anderson and Meyer (2000), who found that adoption of experience rating in Wash-

[1] Women's access to UI has received less attention in the recent literature than access of race/ethnicity groups other than white non-Hispanics, but see Forsythe and Yang (2021) and Bell et al. (2021), both of which focus on disparities in UI recipiency during the period surrounding the pandemic recession. Women's access to UI figured prominently in discussions that led to the UI Modernization provisions included in the American Recovery and Reinvestment Act of 2009. These provisions encouraged states to adopt less stringent UI eligibility requirements, such as an alternative base period, allowing former part-time workers to search for part-time work without jeopardizing their eligibility, and including voluntary quits for compelling family reasons (such as domestic violence and illness or disability of a family member) as "good cause" quits that do not disqualify a UI claimant. See Shelton and Whittaker (2010) and Callan, Lindner, and Nichols (2015), as well as the discussion in section 2 below.

ington in 1985 led to increased denials and reduced UI claim rates. More recently, Lachowska, Sorkin, and Woodbury (2025) have found that workers laid off by employers who were more likely to dispute the UI claims of their former workers have lower UI application rates, consistent with some employers trying to deter workers from claiming by challenging their eligibility.

At least two important questions related to these concerns about access to UI have not been addressed. First, are employers more likely to dispute the UI claims of workers they have laid off who are not White non-Hispanic? And second, are the disputed UI claims of these workers ultimately more likely to result in nonpayment of benefits? If the answer to either of these question is yes, then workers other than White non-Hispanics could in effect be discouraged from claiming benefits, and their access to UI benefits would be reduced relative to Whites.[2]

To address these questions, we use administrative wage records and data on UI claims and disputes from Washington state's Employment Security Department (ESD) during 2005:Q1– 2013:Q4. Specifically, we examine whether non-White (Black non-Hispanic, Asian/Pacific Islander, American Indian or Alaskan Native) and Hispanic workers are systematically more likely than White non-Hispanic workers to have their UI claims disputed by employers or end in nonpayment.[3] If so, then the use of UI disputes by employers could be a factor in the relatively low UI application rates of these groups. We develop an analysis of workers with multiple UI claims filed with different employers, which allows us to identify the impact of employer behavior on disputes and nonpayment. In particular, we examine whether the employer's impact on whether a claim is disputed or not paid varies with the worker's race or ethnicity, and whether differences by race and ethnicity

[2]Throughout the paper, we refer to "nonpayment" of UI benefits rather than to "denial" of benefits because we do not observe true denials in the data. Like most states, Washington does not fully adjudicate all initial UI claims — only claims that raise an "issue" (i.e., a question about eligibility) are adjudicated, in which case the agency asks the claimant for additional information. In Washington, the claimant needs to respond to requests for information "fully and accurately" within 10 days. The claimant may not respond for any of a number of reasons, including a belief that s/he is ineligible (a "self-denial"), or because the claimant has already found a job, in which case a payment is not made, but the eligibility status of the claim is never known. Alternatively, an initial claim may be eligible but not result in a benefit payment because the claimant never files weekly claims (or "certifications") for the first and second weeks of the benefit year. (The first week is the waiting week, which is not a paid benefit week in most states, including Washington.)

[3]For brevity, in the text we refer to White not Hispanic claimants as "White," to Black non-Hispanic claimants as "Black," to Asian/Pacific Islander claimants as "Asian", and to American Indian or Alaskan Native claimants as "Native."

in employer dispute rates ultimately lead to differences in UI nonpayment.

The paper is related to a broader body of research on the role of employers in the labor market. Most of this work has focused on employer effects on wages and earnings (see, for example, Abowd, Kramarz, and Margolis, 1999; Card, Heining, and Kline, 2013; Song et al., 2019; and Lachowska, Mas, and Woodbury, 2020), but at least two papers have examined between-employer differences on social program take-up — see Bana et al. (2023) on parental leave and Lachowska, Sorkin, and Woodbury (2025) on employer effects on UI claiming.

In section 2, we review the process of determining eligibility for UI. This institutional background is important for understanding and interpreting the estimated differences in disputes and nonpayment among different race/ethnic groups. Section 3 describes the data and the methods we use to estimate inter-group differences in disputes and nonpayment. These discussions lay the groundwork for an analysis of differences in disputes and nonpayment by race/ethnicity in section 4. Section 5 summarizes and concludes.

2 Institutional Background

Two features of UI are central to the questions we are addressing.[4] First, the eligibility conditions for UI are complex and include the worker's employment history, conditions of separation, and availability and willingness to search for reemployment.[5] Section 2.1 describes the process of eligibility determination in Washington State, which is the source of the data we examine. Second, UI benefits are financed by a payroll tax, collected from employers, that is experience rated at the level of the employer. In general, UI benefits paid to a worker laid off by an employer are "charged" to the employer, and those benefit charges enter a formula that determines the UI payroll tax rate paid by the employer. As a result, experience rating gives employers a financial interest in the outcome of UI claims. Section 2.2 further describes experience rating and its implications for UI

[4]Parts of this section draw on the institutional description in Lachowska, Sorkin, and Woodbury (2025).

[5]See, for example, `https://esd.wa.gov/unemployment/basic-eligibility-requirements` (last accessed November 17, 2022) for a description of eligibility rules in Washington state. See also Revised Code of Washington, Chapter 50.20 ("Benefits and Claims"), on which this description is based.

eligibility.

2.1 Eligibility for and Receipt of UI Benefits

Figure 1 illustrates the process of claiming and determining eligibility for UI benefits, and we refer to it both to describe the process and to indicate what we do and do not observe in the available data.[6]

If a worker who has lost a job files a UI claim, the state UI agency (in this case, the Washington Employment Security Department, ESD) determines the worker's eligibility for benefits based on three sets of criteria:

- whether the worker has an adequate work history to qualify for benefits (that is, whether the worker is "monetarily" eligible)
- whether the worker lost was laid off due to lack of work and through no fault of their own (that is, whether the worker meets the "separation" requirements for eligibility)
- whether the worker is able, available, and searching for work (that is, whether the worker meets the "nonseparation" requirements for eligibility)

In Washington, the monetary eligibility requirement is met if the worker accumulated at least 680 hours in covered employment in approximately the year before the claim — that is, the "base period."[7] The ESD makes this determination mainly by referring to administrative wage records —

[6]The claiming process is broadly similar among the states, but we refer to specifics of the process used in Washington, which are described in an extensive "Unemployed Worker Handbook" (Employment Security Department, 2019) as well as in Revised Code of Washington, Chapter 50.20 ("Benefits and Claims"). In 2013 (the last year of data we use), most initial claims in Washington were filed either online (about 47%) or by telephone (51%), with most of the remainder filed by employers. Nationally in 2013, 63% of claims were filed online and 30% by telephone, with the remainder filed by employers, in person, or by mail. (These estimates come from the U.S. Department of Labor's Benefit Accuracy Measurement program, which randomly samples between 400 and 600 initial claims in each state annually.) Ebenstein and Stange (2010) show that telephone and internet claims largely replaced in-person claims between 1995 and 2005, but they find this apparently dramatic change had no appreciable effect on UI claim rates overall or on the mix of claimants with respect to previous earnings.

[7]The base period can be defined in either of two ways. The regular base period is the first four of the five quarters completed before the quarter in which a claim is filed. For claimants who do not meet the 680-hour requirement in the regular base period, an alternative base period can be applied—the four quarters completed before the quarter of filing. Note that "monetary" eligibility is a misnomer in Washington because the state uses base-period work hours to

the regular quarterly employer reports of work hours and earnings on which much of our analysis is based — so it is relatively straightforward.

To determine the conditions of a worker's separation, the ESD (i) asks claimants questions about why they became unemployed and (ii) informs the worker's base period employer(s) that the worker has claimed benefits and requests information about why the worker separated.[8] In general, workers who were discharged for work-related misconduct or quit voluntarily are disqualified from receiving benefits; however, workers discharged because they did not have the skills to perform a job, or who quit "for good cause," may still qualify. Washington currently has several good-cause reasons for quitting: sickness or disability; need to care for an immediate family member who is sick or disabled; a cut in usual pay or work hours of 25% or more; and moving with a spouse or partner who is relocating, among many.[9]

If either the claimant's or the employer's reason for separation suggests the worker separated for a reason that would be disqualifying, the agency detects a separation issue and may make a formal "determination," requesting additional information and adjudicating the claim. Either the claimant or the employer can appeal the outcome of this determination to a separate state agency — in Washington, the agency is called the Office of Administrative Hearings.[10] Appeals are conducted by an administrative law judge who hears testimony and evidence given under oath. Hearings are usually conducted by telephone, and the judge reaches a decision and sends that decision to the parties within two to three weeks.[11]

determine past work-attachment. All other states use some measure of previous earnings to gauge work history, hence "monetary" eligibility, which we use by convention. See Revised Code of Washington, Chapter 50.20 ("Benefits and Claims").

[8]The process of determining non-monetary eligibility—under both separation and nonseparation criteria—varies substantially among the states and has been described and analyzed in Corson, Hershey, and Kerachsky (1986) and Fishman et al. (2003).

[9]The criteria are fully described in Employment Security Department (2019) and Revised Code of Washington, Chapter 50.20 ("Benefits and Claims") (`https://app.leg.wa.gov/RCW/default.aspx?cite=50.20`, last accessed April 21, 2022).

[10]For a readable description, see Employment Security Department (2019).

[11]The U.S. Department of Labor also has standards for timeliness of non-monetary eligibility determination (within 21 days from the date of detecting an issue) and for the age of pending appeals (within 30 days of the date of filing the appeal). These time lapse standards matter because if a worker receives benefits during an appeal, and the appeal is decided in favor of the employer, the worker must repay the benefits. See U.S. Department of Labor, "UI Performs Core Measures of Acceptable Performance," `https://oui.doleta.gov/unemploy/pdf/Core_Measures.pdf`.

The separation requirements for eligibility are difficult to administer both because they are not entirely straightforward (and hence may not be well understood) and because workers and employers may have incentives to behave strategically in giving reasons for a separation (Corson, Hershey, and Kerachsky, 1986; Fishman et al., 2003). For example, a worker discharged because he or she was unable to perform the work would in general be eligible for UI benefits, but many workers who lose a job for inability to perform the work might believe (or their employers might believe or tell them) they were "fired," and hence ineligible.[12] This could either lead a worker not to claim benefits or lead an employer to dispute a UI claim made by that worker (Gould-Werth, 2016).[13]

To qualify for benefits, the claimant must also be "able, available, and searching for work" — that is, must satisfy the work test. To determine initial eligibility, the ESD's UI application asks workers questions about their ability to work and availability for work. The claimant must then file weekly claims ("certifications") for the first two weeks of the benefit year in order to receive a first payment.[14]

If the claimant satisfies all three eligibility criteria, the initial UI claim is certified, and the worker can expect to receive benefits within four to five weeks.[15] Figure 1 displays aspects of the

[12]From the standpoint of UI eligibility, the terms "fired" and "discharged" are ambiguous because both refer to separations that may or may not be disqualifying. Washington's webpage "Were you laid off or fired?" defines "layoff" as a separation where a worker will not be replaced, and "firing" as a separation "because of performance, behavior or other 'just cause' reason." (See `https://esd.wa.gov/unemployment/laid-off-or-fired`, last accessed August 27, 2022.) The page goes on to explain that workers may qualify for unemployment benefits if they were "fired through no fault of [their] own, such as not having the skills to do the job," but "may not qualify if [they] were fired for misconduct or gross misconduct." This ambiguity about "firing" and "discharge" is longstanding. As Haber and Murray note, "an employer unfamiliar with unemployment insurance would probably [believe] that no worker whom he (sic) has discharged should be entitled to benefits" (Haber and Murray, 1968, pp. 297–301). As they explain, however, "To be disqualifying, the discharge must be for misconduct."

[13]Verifying the claimant's declaration about the reasons for separation is widely viewed as important to the integrity of the UI system because a worker who has quit voluntarily or been discharged for cause has an incentive to tell the UI agency that the separation was for lack of work (U.S. Advisory Council on Unemployment Compensation, 1996, chapters 7 and 9).

[14]To remain eligible, a worker must subsequently keep a record of employer contacts and job search activities. A claimant may also be required to attend job search workshops and receive other employment services at the time of the initial claim, and if a claimant refuses these services, the claimant may be disqualified from receiving further benefits. For more on work search requirements in Washington and their effects, see Lachowska, Meral, and Woodbury (2016).

[15]Under the U.S. Department of Labor's performance standards, a first UI payment is considered "prompt" if it is made within 28 days of the end of the week in which the initial claim is made. Washington met this standard for at least 90% of initial claims in most months during the period we are examining. See U.S. Department of Labor, "Benefits: Timeliness and Quality Reports." Employment and Training Administration. `https://oui.doleta.`

claim process we observe in boldface. For example, we observe job separation, whether the worker files a claim and is monetarily eligible, and whether the claimant ultimately receives benefits.

2.2 Experience Rating and the Employer's Role in UI Eligibility Determination

Washington State finances regular UI benefits using its own experience-rated payroll tax, which is collected entirely from employers. In Washington, the tax rate paid by an employer depends on the UI benefits that have been "charged" to that employer in the previous four years.[16] Specifically, benefits paid to each UI recipient are traced to the recipient's former employer(s), then each employer's benefit charges are used to calculate a measure of layoff experience — the "benefit ratio," defined as the sum of UI benefits charged over the last four years as a percentage of the sum of UI taxable wages over the last four years. The benefit ratio for an employer maps into a UI payroll tax rate and is applied to the employer's taxable wage payments to calculate the payroll tax.

Experience rating is a unique feature of the U.S. system and was originally advanced to distribute the cost of UI equitably among employers, to maintain the integrity of the system by involving employers so as to avoid paying benefits to workers who are ineligible (for example, because they quit voluntarily), and to discourage employers from laying off workers (Blaustein, 1993). It has been shown repeatedly to reduce temporary layoff unemployment (for example, Topel 1983 and Card and Levine 1994), but it may also create an incentive for an employer to dispute UI claims to prevent an increase in the payroll tax rate (U.S. Advisory Council on Unemployment Compensation 1996, chapters 7 and 9). As mentioned earlier, UI agencies routinely notify employers when their laid off workers claim UI benefits and request information about the conditions under which a worker separated, and the reason given by the employer has implications for the worker's eligibility. It follows that an employer might dispute the conditions of separation associated with a UI claim — attesting that a worker was discharged for misconduct or quit voluntarily — in order to

gov/unemploy/btq.asp.

[16]For details, see https://esd.wa.gov/employer-taxes/determining-rates (last accessed on November 16, 2022).

avoid benefits charges.[17]

2.3 Reasons for Separation Given by Workers and Employers

Table 1 shows the joint distribution of claims in Washington during 2005:Q1–2013:Q4, classified by the reasons for separation given by the claimant and by the employer. (The figures in Table 1 are based on the sample of claims described in section 3.1.) The claimant's reason for separation was reported in about 96% of the cases. In contrast, employers reported a reason for the separation in only 3.6% of the cases, suggesting that the employer usually agreed with the claimant's reason for separation or simply chose not to respond to the agency's request for information about the separation.

When the employer did give a reason for the separation, it was usually because the worker had given "lack of work/reduced hours" as the reason for separation, and the employer disagreed, usually saying the worker had quit voluntarily (5,228 cases) or had been discharged (8,011 cases).[18] One of these two types of disagreement occurred in about 3% of the claims in the sample (13,239 out of about 420 thousand), which is small but not negligible.

Table 1 also shows the percentage of claims for which UI benefits were not paid under each of the circumstances shown. For example, benefits were not paid in nearly 49% of the cases in which the worker said the separation was due to lack of work/reduced hours and the employer said the worker had quit voluntarily; and benefits were not paid in about 31% of the cases in which the worker said the separation was due to lack of work and the employer said the worker had been discharged.[19]

[17] Not all benefits received by workers are chargeable to the employer; for example, those paid to workers who have quit with good cause. As a result, an employer could alternatively give a reason for separation that, although not disqualifying, would ensure that the benefits paid were not charged. See, for example, Vroman (2009) and Vroman and Woodbury (2014).

[18] "Discharge" is the classification given in the federal UI program data (U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service, 2017, section I-1, "ETA 207—Nonmonetary Eligibility Determinations") and reported in the database we are using. This classification has the weaknesses and ambiguities described above.

[19] This latter outcome again suggests ambiguity about what is meant by "discharge" under UI laws — that is, it can refer either to discharge for misconduct, which is usually not compensable, or to inability to perform the job, which usually is. This ambiguity is further illustrated by the strikingly large number of cases (104,342 or about 25%) in

Table 1 points to a role for employers in the determination of UI eligibility, but it also makes clear the important role of the UI agency. Again, employers did not give a reason for separation for about 96% of the claims in the sample, but in many of these cases the claimant did not receive benefits. For example, in about 67% of the cases in which the claimant said the reason for separation was "voluntary quit," benefits were not paid, apparently without information from the employer. Similarly, in about 36.5% of the cases in which the claimant said the reason for separation was "discharge," benefits were not paid.

The information in Table 1 allows us to construct an indicator of whether a claim was disputed. Specifically, we refer to a difference between the claimant's and the employer's reasons for separation as an employer dispute (or simply a dispute), although we do not observe whether the claim was denied or determined eligible, only whether the claimant received benefits.[20]

Figure 2 shows a flowchart (a so-called Sankey diagram) connecting the claimants' (non-missing) reasons for separation with the employers' (non-missing) reasons. The width of the connection is proportional to the number of claims in a cell as a fraction of the total non-missing claimant and employer reasons. The figure illustrates the most common reasons for a dispute: when the claimant gives "lack of work/reduced hours" as the reason for separation, whereas the employer gives either "discharge" or "voluntary quit."

3 Data and Methods

3.1 Data

The data we examine consist of UI administrative wage and claim records from 2005:Q1–2013:Q4, provided by the Washington State Employment Security Department (ESD). The wage records

which the claimant gave "discharge," as the reason for separation, but the employer did not dispute the claim. In about 64% of these cases, the claimant received benefits, suggesting that in most of these cases the ESD determined the claimant had not been discharged for misconduct. In contrast, claimants received benefits in only 33% of the cases in which they said they had quit voluntarily, but the employer gave no reason for separation (another relatively common circumstance).

[20] Again, as indicated in Figure 1, we do not observe whether nonpayment resulted from adjudication by ESD or from a formal appeal to the Office of Administrative Hearings.

are quarterly reports made by each UI-covered employer of the work hours and earnings of each worker, along with a year-quarter identifier, a worker identifier, employer identifier, and the NAICS industry code of the employer.[21] Each claim record identifies the worker and includes information on the date the worker filed the claim, the weekly and maximum benefit amounts, and the benefits actually paid to the claimant. Claim records also include basic demographic information (age, race and ethnicity, sex, educational attainment, veteran status, and disability status) and information on the reason for separation given by the worker and the employer.

The analysis focuses on "likely eligible" UI claims following employment with just one employer in the previous year (similar to Lachowska, Sorkin, and Woodbury, 2025). Specifically, we first create a dataset of quarterly wage records for which the worker (i) would be monetarily eligible for UI benefits if he or she separated in that quarter, and (ii) had only one (and the same) employer in that quarter and the previous five quarters.[22] We then construct a sample of separations, defined as events in which either (i) a worker's primary employer (the employer from whom work hours in that quarter were greatest) changed between two consecutive quarters, or (ii) a worker had positive work hours in quarter t and no work hours in quarter $t + 1$. We link a claim to a monetarily eligible separation when the claim occurred within one quarter of the separation. Finally, we restrict the analysis to claims for which we can identify the claimant's race and ethnicity.[23]

Table 2 displays variable means from the resulting UI claims, with each column restricted to a given race/ethnicity group (White, Black, Hispanic, Asian, and Native) and shows four main points. First, the proportions of UI claims disputed and resulting in nonpayment vary substantially

[21]The employer is the entity from which UI payroll taxes are collected. The employer is a firm when a firm has a single establishment or multiple establishments all located in Washington (although in some cases, a multi-establishment firm may be divided into more than one employer for UI payroll tax purposes). For firms with multiple establishments some of which are located outside Washington, the employer covers only the firms' establishments located in Washington. The only employers not required to report quarterly earnings and hours are so-called reimbursable employers—government agencies, private non-profits, and federally recognized Indian tribes who elect to reimburse the UI agency for benefits paid to their laid off workers. Also, self-employed workers do not file quarterly earnings reports, and underground earnings are not reported. See Washington Administrative Code Title 192, Chapter 300, Section 060.

[22]We need to correctly identify the employer who has an incentive to dispute the claim, and the latter restriction ensures that the separating employer is also the "base-period" employer who will be charged for benefits paid on the claim. When a claimant has more than one base period employer, more than one employer may be chargeable for benefits paid on the claim.

[23]When a claimant reports different race/ethnicity at different times, we assign the initially reported value.

among the five racial/ethnic groups. For example, the dispute rate ranged from 3.2% for White claimants to 4% for Black claimants; and the nonpayment rate ranged from 21.9% for White claimants to more than 33% for Native claimants. Second, Black and Hispanic claimants tend to be younger and have lower base-period earnings than White claimants. Third, the variation by race/ethnicity in claimants' reasons for separating is striking. For example, Black and Native claimants are less likely than Whites to report that they separated due to lack of work or reduced hours, and are correspondingly more likely than Whites to report being discharged. Finally, the distribution of claimants by race/ethnicity very roughly reflects Washington's population; in Table 2, 77.7% of the claimants are White, 5.2% are Black, 7.8% are Hispanic, 6.9% are Asian, and 2.3% are Native.[24]

3.2 Methods

We start with a model in which the probability of worker i's UI claim being disputed after separating from employer j depends on a worker fixed effect (α_i), and an employer fixed effect (ψ_j):

$$d_{ij} = \alpha_i + \psi_{j(i)} + \epsilon_{ij}, \tag{1}$$

where d_{ij} is an indicator equal to 1 if the UI claim is disputed, 0 if not. The worker fixed effects reflect time-invariant worker characteristics related to separating in a way that would raise an eligibility issue (for example, a predisposition to quit without cause or to be discharged for misconduct). The employer fixed effects reflect time-invariant characteristics related to an employer's

[24] Although the race/ethnicity categories in the claim records are similar to those in the 2010 Census of Population, respondents to the 2010 Census could report more than one race, so a direct comparison is not possible. See Karen R. Humes, Nicholas A. Jones, and Roberto R. Ramirez, "Overview of Race and Hispanic Origin: 2010," 2010 Census Briefs (C2010BR-02), U.S. Bureau of Census, April 2011 https://www.census.gov/content/dam/Census/library/publications/2011/dec/c2010br-02.pdf. However, if we distribute the 3.6% of individuals who reported two or more races proportionally over the not Hispanic individuals who reported one race, then in 2010, Washington State's population was 75.1% White, 3.6% Black, 11.2% Hispanic, 7.9% Asian, and 2.2% Native. See U.S. Bureau of the Census. "Annual Estimates of the Resident Population by Sex, Race, and Hispanic Origin for Washington" (SC-EST2019-SR11H-53) https://www.census.gov/data/tables/time-series/demo/popest/2010s-state-detail.html#par_textimage_785300169 (last accessed December 22, 2023).

willingness to dispute a claim (for example, concern about UI payroll taxes, attitude toward workers receiving UI, or cost of disputing a claim).

Given a large enough sample of repeat UI claimants, we could estimate equation (1) as a two-way fixed effects model, along the lines of Abowd, Kramarz, and Margolis (1999) or Card, Cardoso, and Kline (2016). If we estimated equation (1) separately for each race/ethnicity group, we could then decompose the dispute gap between (for example) White and Black workers into a sorting component (reflecting the possibility that White and Black claimants sort differently to employers who do or do not dispute the claims of all their separating workers), and a (possibly discriminatory) unexplained component (reflecting whether a given employer is more likely to dispute the UI claim of a Black worker than of a White worker), along the lines of Card, Cardoso, and Kline (2016). But the relatively small number of repeat claimants in the connected set of White and Black workers precludes such an approach.[25]

Instead, we first calculate the (leave-one-out) average dispute rate of each employer from which worker i separated ($\bar{d}_{j,-i}$).[26] We then eliminate unobserved worker effects by differencing over (i) worker i's dispute outcomes following separation from employers j and k ($\Delta d_{i,jk}$) and (ii) the mean dispute rates of employers j and k, and estimate:

$$\Delta d_{i,jk} = \beta \Delta \bar{d}_{jk,-i} + \Delta \epsilon_{i,jk}, \tag{2}$$

where $\Delta \bar{d}_{jk,-i}$ denotes the difference between the (leave-one-out) mean dispute rates of employers j and k. Note that the dependent variable in equation (2) can take three values: –1, 0, or 1, depending on whether the worker's UI claim was disputed by employer j but not k ($\Delta d = 1$), not disputed by employer j but disputed by k ($\Delta d = -1$), or disputed by neither or both of the employers ($\Delta d = 0$). Under the assumptions described below, the OLS estimator of β will be consistent for the effect of the employer dispute rate on the probability of a worker having a claim

[25] That is, the number of workers who claim UI two or more times is not large enough to reliably estimate employer fixed effects on disputing UI claims for employers in the connected set (i.e., the set of employers linked by worker transitions).

[26] Because these mean employer dispute rates are subject to measurement error, we shrink them using the empirical Bayes procedure described in Lachowska, Sorkin, and Woodbury (2025); see Appendix A for details.

disputed after separating from employer k. [27]

We augment equation (2) in three ways. First, to check whether the relationship between an employer's dispute rate and a UI claimant's probability of experiencing a dispute is nonlinear, we add a quadratic in $\Delta\bar{d}$ to the equation. Second, to check for the robustness of the estimates to time-varying observable characteristics of the worker's claim (and the worker), the separating employer, and calendar time, we add first-differences over separations from employers j and k of the following observables: base-period earnings and hours, the number of positive-earning quarters in the base period, quarters of job tenure with the separating employer, the claimant's reason for separation, the UI benefit replacement rate and potential duration, veteran and disability status, whether the worker was recalled to the former employer, mass layoff indicators, employer size and sector dummies, and calendar year effects. Third, to estimate whether an employer's dispute rate differently affects the dispute probabilities of White and non-White workers, we interact $\Delta\bar{d}$ with race/ethnicity indicators.

Of equal or greater interest to the employer effect on disputes is the possibility of an employer effect on nonpayment of UI. We examine this by estimating models like equation (2) and its augmented versions, but with a first-differenced nonpayment indicator as the dependent variable. Specifically, the dependent variable is $\Delta n_{i,jk}$, or the difference in worker i's nonpayment outcomes following separation from employers j and k. (As with $\Delta d_{i,jk}$ this can take three values: –1, 0, and 1.) In order to distinguish between the influence of the employer dispute rate and the employer nonpayment rate on the probability of nonpayment, we include the difference between the (leave-one-out) mean nonpayment rates of employers j and k ($\Delta\bar{n}_{jk,-i}$) as an explanatory variable. Otherwise, the models estimated for the probability of nonpayment are wholly analogous to those for the probability of a dispute.

[27] Note that the employer dispute rate does not reflect a pure employer fixed effect on disputes, because it is not purged of the effects of the composition of the employer's workforce, as would be the case if we were able to estimate equation (1). However, as shown in Table 4, column (2) in Lachowska, Sorkin, and Woodbury (2025), the worker-to-employer sorting on disputes is quite weak.

3.3 Identifying Assumptions

To identify the effects of employers on disputes and nonpayment, the error term $\Delta\epsilon_{i,jk}$ in equation (2) must be mean independent of $\Delta\bar{d}_{jk,-i}$ — an exogenous mobility assumption implying that worker movements among employers are not based on specific worker-employer matches. A standard test of exogenous mobility is to inspect changes in worker outcomes following moves between employers for asymmetries (Card, Heining, and Kline, 2013; Card, Cardoso, and Kline, 2016). In this case, we can plot $\Delta d_{i,jk}$ against $\Delta\bar{d}_{jk,-i}$ to check whether, for at least twice-claiming workers, the relationship between changes in the probability of a dispute and changes in the dispute rates of the separating employers is linear with a slope of one (that is, symmetric).

Figure 3 shows such a plot, and the relationship is indeed linear with a slope of one: a given percentage-point increase or decrease in the employer dispute rate predicts an equal percentage-point increase or decrease in the probability of a claim being disputed. This symmetry is suggestive evidence that workers are not seeking out job matches where, for example, they will not be specifically (idiosyncratically) targeted for a UI dispute if they separate and claim UI.

4 Estimation Results

Table 4, column 1, shows the estimated β from equation (2): the regression of the difference in dispute probabilities ($\Delta d_{i,jk}$) on the difference in employer dispute rates of the separating employers ($\Delta\bar{d}_{jk,-i}$). The point estimate of 1.024 (statistically indistinguishable from 1.0) can be interpreted as a unit-elastic probability of a worker having a claim disputed with respect to the dispute rate of the separating employer (because the mean claimant dispute rate and the mean employer dispute rate are approximately equal). As expected, then, we observe strong employer-specific effects on the probability of a worker's UI claim being disputed. Moreover, the form of the relationship is linear (the quadratic term in column 2 is insignificant), and the estimate is robust to including a raft of differenced observables (column 3).

But is a given employer more likely to dispute the claims of non-White workers than of White

workers? The estimates in columns 4 and 5 come from equation (2) augmented with interactions of the change in the employer dispute rates with the race/ethnicity indicators, and the estimates suggest that, with the notable exception of Black workers, they are not. In the case of Black workers, the point estimates (0.812 and 0.782) suggest that employers dispute the claims of Black workers at a far greater rate than of other workers — literally, compared with a White worker, the probability of facing a dispute increases disproportionately for a Black worker as the employer dispute rate of the separating employer increases — although the estimates are somewhat imprecise (p-values > 0.07).

Table 5, column 1, shows point estimates from the version of equation (2) where we regress the difference in nonpayment probabilities ($\Delta n_{i,jk}$) on the difference in employer dispute rates ($\Delta \bar{d}_{jk,-i}$) and the difference in nonpayment rates ($\Delta \bar{n}_{jk,-i}$) of the separating employers. Although the estimated coefficient on $\Delta \bar{d}$ is 0.681, the implied elasticity of nonpayment probability with respect to the employer dispute rate is about 0.1.[28] That is, although an employer who disputes UI claims does appear to reduce the probability that a separating worker will be paid benefits, the effect is less strong than might be expected, and suggests that the UI agency mediates the influence of employers' behavior in disputing claims. Although relatively small, this effect of disputing on nonpayment suggests that employer challenges to claims may well discourage workers from carrying through with a claim; for example, they may decide not to certify for the first two weeks of benefits out of concern that they will be required to repay benefits if the employer's challenge succeeds.

The relationship between the employer nonpayment rate and the probability of nonpayment (0.633 in column 1) can be interpreted as an employer quasi-fixed effect on nonpayment of benefits, reflecting different employers' efforts to help or discourage workers in claiming UI by means other than disputing claims (Gould-Werth and Shaefer, 2012).

The estimates in Table 5, column 2, reject quadratic specifications of the relationships we are estimating, but the estimates in column 3 suggest that the influence of the employer dispute rate

[28] Obtained from multiplying the estimated coefficient by the ratio of the mean employer dispute rate (0.033) to the mean probability of nonpayment (0.217).

on the probability of nonpayment is correlated with time-varying observables; that is, part of the effect of the employer dispute rate on nonpayment estimated in columns 1 and 2 is accounted for by characteristics of claims that predict nonpayment. As a result, the overall elasticity of nonpayment probability with respect to employer disputes is even less than suggested by the estimate in column 1.

The estimated coefficients on the race/ethnicity interactions in columns 4 and 5 of Table 5 suggest that the probability of nonpayment to non-White UI claimants is similar to the probability of nonpayment to Whites. The point estimates are very noisy and suggest little influence of race and ethnicity on the probability of UI benefit receipt after controlling for individual worker effects, employer effects, and observable time-varying covariates such as information associated with the claim. This is perhaps surprising in light of the possibly greater influence of employer dispute rates on the probability of Black claimants experiencing a dispute (Table 4, columns 4 and 5); however, it suggests that whatever obstacles employers may be creating for Black UI claimants are undone (or corrected) the Washington ESD in determining eligibility for UI.[29]

5 Conclusion

We have examined differences in UI dispute and nonpayment probabilities by race and ethnicity using administrative wage and claim records from Washington state during 2005–2013. We take advantage of workers who file multiple UI claims during the observation window to control for unobserved worker heterogeneity, and we calculate leave-one-out mean employer UI dispute and nonpayment rates to serve as controls for employer effects on disputes and nonpayment. We also control for time-varying covariates that are likely correlated with the probability of a UI claim being disputed or denied.

[29] We cannot rule out sorting as a mechanism whereby employer disputes could disproportionately reduce the probability of nonpayment to Black claimants. The separating employers of Black claimants have slightly higher dispute rates than those of White claimants (0.034 versus 0.033), and to the extent these higher dispute rates translate into higher nonpayment rates, employer behavior can increase nonpayment of benefits to Black claimants. Although we do not discount this possibility, the small Black-White gap in employer dispute rates and the low elasticity of nonpayment with respect to disputes (< 0.1) suggest the influence of sorting is not strong.

Our estimates suggest the existence of strong employer-specific effects on the probability of a worker's UI claim being disputed: the estimated elasticity of dispute probability with respect to the separating employer's dispute rate is approximately 1.0. We also see some evidence that employers are more likely to dispute the UI claims of Black than of White workers, although the Black-White gap in disputes is marginally statistically significant. We do not find evidence that employers are more likely to dispute the claims of other racial and ethnic groups than of Whites.

Higher employer UI dispute rates do translate into higher nonpayment rates, but the relationship is weaker than might be expected: the elasticity of nonpayment probability with respect to the employer dispute rates is on the order of 0.1. This effect of an employer disputing UI claims on the probability of nonpayment appears to be uniform across racial and ethnic groups; it appears to be no higher for non-Whites than for Whites. This is somewhat surprising in light of the evidence that employers may dispute the UI claims of Black workers more aggressively than of other workers, and we interpret the finding as evidence that the UI agency (Washington ESD) is able to mediate employer effects on disputes so that they do not influence benefit receipt differently by race or ethnicity.

Although the findings suggest that employers' challenges to UI claims reduce UI benefit receipt, they do not support the hypothesis that employer behavior is behind the Black-White disparities in benefit receipt found in the literature referred to in the introduction.[30] Still, the findings we present are limited because they are based on a single state (Washington), and whether they are general can only be known with data and research on other states.

[30] As we suggested earlier, sorting of Black workers to high-dispute employers remains as a mechanism whereby employer disputes could reduce the UI receipt of Black workers relative to Whites; however, the extent of sorting by race and ethnicity across employers with different dispute rates is slight in the Washington data, and employer effects on nonpayment are quite small.

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6 Tables and Figures

Table 1: Percentage of claims for which UI benefits were not paid, by reasons for separation given by the claimant and by the employer (cell counts in parentheses)

	Employer reason for separation					
Claimant reason for separation	Lack of work/reduced hours	Voluntary quit	Discharge	Other	Not reported	Row means (sums)
Lack of work/reduced hours	7.1%	**48.6%**	**31.0%**	**32.6%**	6.3%	25.1%
	(703)	**(5,228)**	**(8,011)**	**(276)**	(217,829)	(232,047)
Voluntary quit	25.0%	53.9%	**58.1%**	**66.7%**	67.3%	54.2%
	(68)	(76)	**(43)**	**(9)**	(41,100)	(41,296)
Discharge	15.0%	**46.8%**	34.2%	**0.0%**	36.5%	26.5%
	(220)	**(126)**	(149)	**(4)**	(104,342)	(104,841)
Other	10.0%	**57.6%**	**47.7%**	40.9%	29.5%	37.1%
	(70)	**(125)**	**(65)**	(22)	(7,210)	(7,492)
Not reported/missing	0.0%	**0.0%**	**0.0%**	**0.0%**	27.4%	27.4%
	0	**0**	**0**	**0**	(34,733)	(34,733)
Column means	14.3%	51.7%	42.8%	35.0%	33.4%	34.1%
(sums)	(1,061)	(5,555)	(8,268)	(311)	(405,214)	(420,409)

Source : Authors' calculations using administrative wage and claim records from Washington state, 2005:Q1–2013:Q4, restricted to claimants for whom we observe nonmissing race/ethnicity.

Notes : The table shows percentages of UI claims resulting in zero benefits being paid, for each joint classification category of reasons for job separation given by the claimant and the employer. For example, claimants were not paid benefits in 48.6% of the 5,228 cases in which they reported lack of work/reduced hours and the employer reported voluntary quit as the reason for separation. The sample is restricted to initial UI claims for which the worker had a single employer (and the same employer) in the current and each of the previous five quarters and the claim was associated with a "likely eligible" separation, as defined described in Lachowska, Sorkin, and Woodbury (2025). When a claimant's and employer's reasons differ, we classify the claim as disputed by employer (cells in bold), except when the employer's reason is "lack of work/reduced hours." In these cases, the employer may have placed the worker on standby (temporary layoff) or short-time compensation. The "other" category includes leave of absence, partially employed, still employed, gross misconduct, labor dispute, and reason unknown.

Table 2: Means of key variables by claimant race/ethnicity

	(1) White non-Hispanic claimants	(2) Black non-Hispanic claimants	(3) Hispanic claimants	(4) Asian/Pacific Islander claimants	(5) American Indian or Alaskan Native claimants
Outcome variables					
Pr(claim disputed)	0.032	0.040	0.037	0.038	0.037
Pr(no payment)	0.219	0.285	0.253	0.244	0.334
Covariates					
Age categories					
< 25 years	0.095	0.118	0.145	0.09	0.123
25–34 years	0.261	0.324	0.331	0.317	0.303
35–44 years	0.241	0.271	0.26	0.284	0.259
45–54 years	0.247	0.205	0.183	0.207	0.216
≥ 55 years	0.156	0.082	0.081	0.102	0.100
Educational attainment					
Less than high school	0.059	0.069	0.296	0.097	0.109
GED diploma	0.046	0.037	0.041	0.026	0.071
High school graduate	0.358	0.392	0.355	0.31	0.408
Some college, no degree	0.179	0.182	0.116	0.151	0.174
Associate's degree	0.149	0.166	0.102	0.124	0.136
Bachelor's degree	0.160	0.113	0.068	0.211	0.072
Master's, professional, doctorate	0.046	0.038	0.020	0.079	0.027
Other claimant characteristics					
Female	0.406	0.394	0.383	0.435	0.453
Veteran	0.137	0.199	0.088	0.080	0.107
Disability	0.025	0.042	0.021	0.017	0.026
Pre-layoff employment history					
Base-period (BP) earnings ($1000s)	3.267 (2.539)	2.660 (3.347)	2.424 (1.639)	3.195 (2.386)	2.556 (1.678)
Base-period hours (/1,000)	1.906 (0.506)	1.948 (0.609)	1.919 (0.559)	1.957 (0.518)	1.855 (0.512)
Number of quarters with hours in BP > 0	3.857 (0.453)	3.813 (0.525)	3.798 (0.534)	3.842 (0.481)	3.821 (0.506)
Quarters of tenure with separating employer	8.926 (3.322)	8.248 (3.399)	8.359 (3.577)	8.880 (3.384)	8.500 (3.443)
Claimant reason for separation					
Lack of work/reduced hours	0.559	0.458	0.526	0.595	0.451
Voluntary quit	0.099	0.097	0.092	0.089	0.145
Discharge	0.245	0.338	0.246	0.221	0.303
Other	0.018	0.019	0.019	0.018	0.019
Not reported	0.079	0.088	0.117	0.077	0.082
Mass layoff indicators					
≥ 5% drop, ≥ 5 separations	0.436	0.411	0.458	0.445	0.420
≥ 10% drop, ≥ 5 separations	0.348	0.320	0.372	0.355	0.337
≥ 15% drop, ≥ 5 separations	0.249	0.209	0.278	0.245	0.224
≥ 20% drop, ≥ 5 separations	0.175	0.129	0.206	0.166	0.149
Benefits and subsequent employment					
Replacement rate	0.598 (0.184)	0.638 (0.195)	0.657 (0.190)	0.603 (0.192)	0.640 (0.178)
Potential benefit duration (weeks)	24.968 (2.696)	24.629 (3.144)	24.368 (3.267)	24.922 (2.804)	24.617 (3.037)
Recalled to separating employer	0.106	0.086	0.152	0.106	0.205
Employer characteristics					
1-49 employees	0.312	0.158	0.231	0.205	0.224
50-249 employees	0.278	0.266	0.294	0.295	0.271
250-999 employees	0.192	0.237	0.226	0.211	0.265

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Means of key variables by claimant race/ethnicity, continued

	(1) White non-Hispanic claimants	(2) Black non-Hispanic claimants	(3) Hispanic claimants	(4) Asian/Pacific Islander claimants	(5) American Indian or Alaskan Native claimants
≥ 1,000 employees	0.218	0.339	0.249	0.289	0.24
Employer industry					
Agriculture, forestry, fishing	0.011	0.004	0.092	0.007	0.015
Mining, quarrying, gas extraction	0.003	0	0.001	0	0.002
Utilities	0.002	0.001	0.002	0.001	0.009
Construction	0.127	0.045	0.096	0.043	0.097
Manufacturing	0.115	0.103	0.178	0.188	0.112
Wholesale trade	0.056	0.045	0.051	0.058	0.031
Retail Trade	0.129	0.115	0.112	0.105	0.097
Transportation and warehousing	0.034	0.048	0.032	0.036	0.026
Information	0.039	0.034	0.02	0.055	0.015
Finance and insurance	0.048	0.044	0.032	0.064	0.023
Real estate and rental and leasing	0.022	0.026	0.018	0.018	0.021
Professional, scientific, and technical services	0.063	0.04	0.029	0.077	0.027
Mgt of companies	0.006	0.002	0.002	0.003	0.002
Admin support and waste mgt	0.067	0.109	0.067	0.08	0.049
Educational services	0.02	0.022	0.014	0.016	0.025
Health care and social assistance	0.093	0.147	0.105	0.077	0.079
Arts and entertainment	0.019	0.017	0.014	0.031	0.109
Accommod. and food services	0.052	0.054	0.05	0.057	0.051
Other services	0.026	0.027	0.02	0.023	0.018
Public admin.	0.066	0.115	0.063	0.061	0.191
Employer rates					
Employer dispute rate	0.034	0.033	0.033	0.033	0.034
Employer nonpayment rate	0.226	0.257	0.238	0.223	0.286
Number of initial claims	312,932	20,960	31,429	27,931	9,216
Number of employers	38,098	6,520	10,146	8,392	4,056

Source : Authors' calculations from Washington administrative wage and claim records, 2005Q1–2013Q4. The unit of observation is an initial UI claim with a single employer in the standard base period (the first four of the five completed quarters before a claim was filed). Sample restricted to claimants for whom we observe race or ethnicity.

Notes : The mass layoff indicators are set to one when a claimant separated in connection with a mass layoff, defined as a drop of *x* % in total hours worked and at least five separations from an employer in a quarter. Employer dispute and nonpayment rates are computed as leave-one-out employer averages shrunken using the empirical Bayes procedure described in Lachowska, Sorkin, and Woodbury (2025) and the appendix.

Table 3: Means of key variables by claimant race/ethnicity for claimants who claimed at least twice

	(1) White non-Hispanic claimants	(2) Black non-Hispanic claimants	(3) Hispanic claimants	(4) Asian/Pacific Islander claimants	(5) American Indian or Alaskan Native claimants
Outcome variables					
Pr(claim disputed)	0.033	0.043	0.035	0.040	0.042
Pr(no payment)	0.187	0.243	0.208	0.192	0.288
Covariates					
Age categories					
< 25 years	0.057	0.065	0.087	0.056	0.076
25–34 years	0.246	0.320	0.331	0.295	0.312
35–44 years	0.265	0.306	0.304	0.329	0.279
45–54 years	0.281	0.227	0.193	0.225	0.238
≥ 55 years	0.151	0.082	0.085	0.096	0.095
Educational attainment					
Less than high school	0.059	0.064	0.309	0.086	0.106
GED diploma	0.045	0.040	0.044	0.025	0.063
High school graduate	0.361	0.392	0.350	0.306	0.415
Some college, no degree	0.177	0.173	0.114	0.137	0.178
Associate's degree	0.170	0.189	0.111	0.159	0.138
Bachelor's degree	0.147	0.105	0.054	0.198	0.062
Master's, professional, doctorate	0.039	0.035	0.014	0.085	0.030
Other claimant characteristics					
Female	0.366	0.385	0.328	0.383	0.406
Veteran	0.130	0.183	0.083	0.075	0.098
Disability	0.023	0.035	0.018	0.020	0.017
Pre-layoff employment history					
Base-period (BP) earnings ($1000s)	3.238 (2.460)	2.719 (7.392)	2.425 (1.506)	3.285 (2.269)	2.506 (1.452)
Base-period hours (/1,000)	1.860 (0.495)	1.909 (0.554)	1.866 (0.567)	1.920 (0.525)	1.823 (0.508)
Number of quarters with hours in BP > 0	3.801 (0.523)	3.782 (0.554)	3.653 (0.693)	3.735 (0.605)	3.752 (0.599)
Quarters of tenure with separating employer	8.087 (3.411)	7.827 (3.386)	7.230 (3.819)	7.783 (3.592)	7.601 (3.523)
Claimant reason for separation					
Lack of work/reduced hours	0.581	0.461	0.542	0.629	0.481
Voluntary quit	0.082	0.091	0.076	0.075	0.119
Discharge	0.234	0.349	0.229	0.195	0.293
Other	0.016	0.019	0.018	0.013	0.013
Not reported	0.086	0.080	0.135	0.087	0.093
Mass layoff indicators					
≥ 5% drop, ≥ 5 separations	0.434	0.404	0.441	0.433	0.419
≥ 10% drop, ≥ 5 separations	0.350	0.323	0.361	0.342	0.349
≥ 15% drop, ≥ 5 separations	0.250	0.210	0.277	0.234	0.230
≥ 20% drop, ≥ 5 separations	0.177	0.129	0.214	0.162	0.159
Benefits and subsequent employment					
Replacement rate	0.613 (0.192)	0.647 (0.186)	0.684 (0.214)	0.619 (0.211)	0.657 (0.189)
Potential benefit duration (weeks)	24.645 (3.040)	24.447 (3.246)	23.771 (3.809)	24.472 (3.247)	24.299 (3.338)
Recalled to separating employer	0.136	0.112	0.226	0.149	0.251
Employer characteristics					
1-49 employees	0.325	0.170	0.251	0.195	0.228
50-249 employees	0.296	0.300	0.330	0.332	0.274
250-999 employees	0.199	0.245	0.226	0.223	0.281

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Means of key variables by claimant race/ethnicity for claimants who claimed at least twice, continued

	(1) White non-Hispanic claimants	(2) Black non-Hispanic claimants	(3) Hispanic claimants	(4) Asian/Pacific Islander claimants	(5) American Indian or Alaskan Native claimants
≥ 1,000 employees	0.179	0.285	0.193	0.250	0.218
Employer industry					
Agriculture, forestry, fishing	0.016	0.012	0.101	0.013	0.022
Mining, quarrying, gas extraction	0.003	0.000	0.001	0.001	0.002
Utilities	0.002	0.002	0.002	0.002	0.012
Construction	0.164	0.058	0.120	0.056	0.124
Manufacturing	0.118	0.124	0.206	0.221	0.101
Wholesale trade	0.057	0.051	0.048	0.061	0.026
Retail Trade	0.111	0.101	0.096	0.081	0.092
Transportation and warehousing	0.037	0.042	0.039	0.040	0.029
Information	0.037	0.039	0.020	0.052	0.015
Finance and insurance	0.044	0.050	0.036	0.063	0.025
Real estate and rental and leasing	0.021	0.029	0.018	0.016	0.019
Professional, scientific, and technical services	0.074	0.050	0.039	0.099	0.032
Mgt of companies	0.004	0.002	0.001	0.005	0.001
Admin support and waste mgt	0.086	0.127	0.068	0.109	0.054
Educational services	0.014	0.019	0.009	0.011	0.022
Health care and social assistance	0.081	0.144	0.087	0.055	0.075
Arts and entertainment	0.020	0.016	0.015	0.021	0.109
Accommod. and food services	0.042	0.046	0.033	0.037	0.042
Other services	0.026	0.024	0.019	0.019	0.012
Public admin.	0.044	0.064	0.040	0.040	0.187
Employer rates					
Employer dispute rate	0.034	0.035	0.033	0.033	0.033
Employer nonpayment rate	0.211	0.246	0.217	0.198	0.276
Number of initial claims	48,154	3,279	4,998	3,871	1,608
Number of employers	17,041	1,848	2,712	2,112	936

Source : Authors' calculations from Washington administrative wage and claim records, 2005Q1–2013Q4. The unit of observation is an initial UI claim with a single employer in the standard base period (the first four of the five completed quarters before a claim was filed). The sample is restricted to claimants who separated at least twice during the observation widnow.

Notes : The mass layoff indicators are set to one when a claimant separated in connection with a mass layoff, defined as a drop of x % in total hours worked and at least five separations from an employer in a quarter. Employer dispute and nonpayment rates are computed as leave-one-out employer averages shrunken using the empirical Bayes procedure described in Lachowska, Sorkin, and Woodbury (2025) and the appendix.

Table 4: Employer dispute rates and the probability of UI claim disputes

	ΔPr(claim disputed)				
Predictors	(1)	(2)	(3)	(4)	(5)
ΔEmployer dispute rate	1.024	1.003	1.108	0.970	1.057
	(0.104)	(0.110)	(0.113)	(0.114)	(0.121)
ΔEmployer dispute rate squared		2.304			
		(3.013)			
ΔEmployer dispute rate x Black				0.812	0.782
				(0.454)	(0.443)
ΔEmployer dispute rate x Hispanic				-0.002	0.002
				(0.405)	(0.408)
ΔEmployer dispute rate x Asian				-0.426	-0.408
				(0.470)	(0.464)
ΔEmployer dispute rate x Native				0.942	0.846
				(0.889)	(0.880)
Constant	0.002	0.002	0.001	0.002	0.001
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Observables	No	No	Yes	No	Yes
RMSE	0.256	0.256	0.255	0.256	0.255

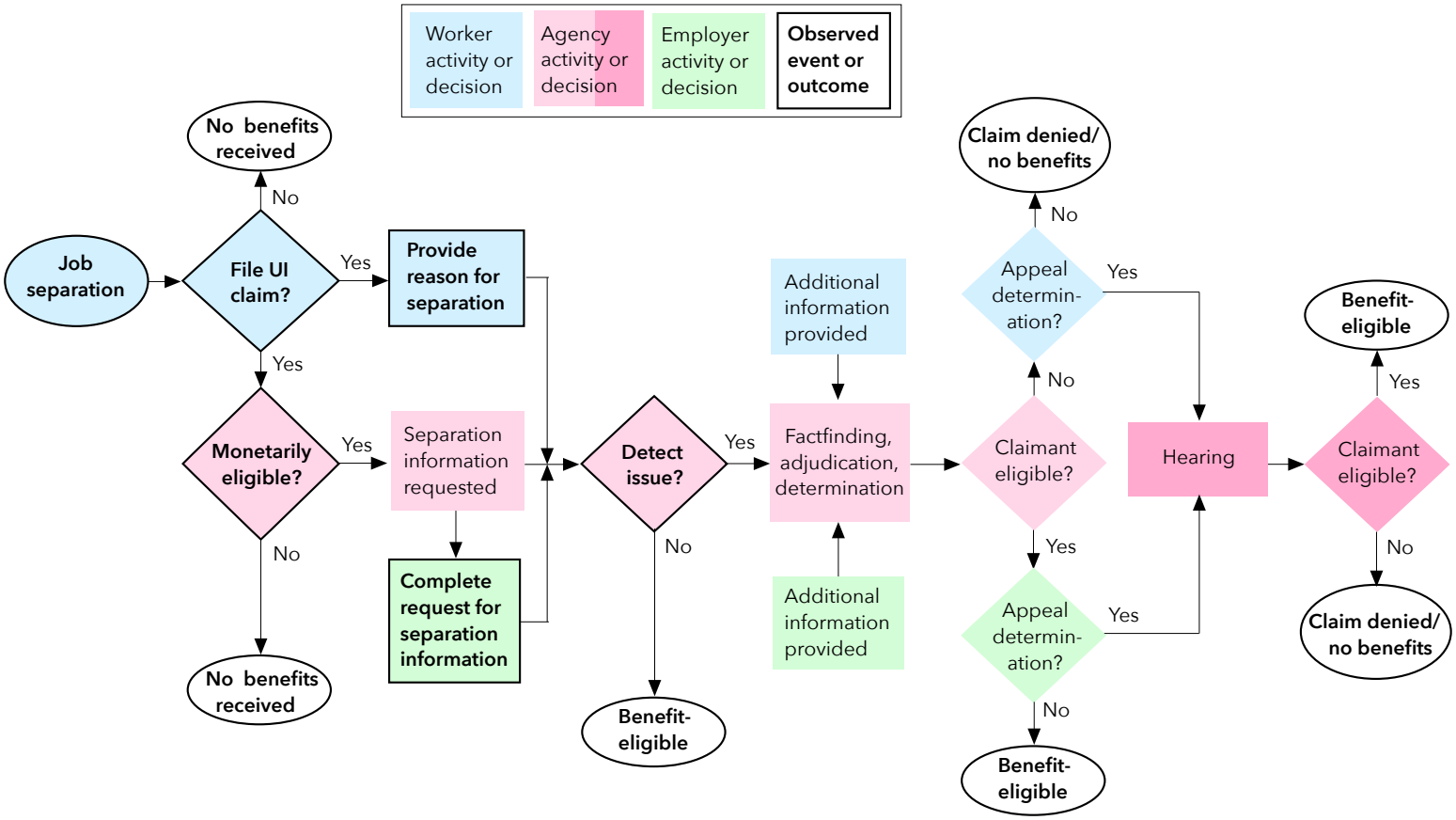
Notes : The estimating sample consists of claimants who claimed at least twice (the sample summarized in Table 3). Columns 1-5 show estimates from a regression of the change in a claimant's probability of experiencing a dispute on the difference in the dispute rates of the separating employers (see equation (2) in the accompanying discussion in the text). Column 1 shows results from a univariate regression. Column 2 includes the employer dispute rate squared. Column 3 controls for a vector of first-differenced time-varying observables: base-period earnings and hours, the number of base-period quarters with positive earnings, quarters of job tenure with the separating employer, claimant reason for separation, the UI benefit replacement rate and potential duration, veteran and disability status, whether the claimant was recalled to former employer, mass layoff indicators, employer-size and sector dummies, and calendar year effects. Column 4 interacts the difference in employer dispute rates with race/ethnicity indicators. Column 5 additionally controls for first-differenced observables. The average employer dispute rate is computed as the leave-one-out employer-by-year average, adjusted for measurement error using the approach described in the appendix. Standard errors, clustered at the employer level, are in parentheses.

Table 5: Employer dispute rates and the probability of UI nonpayment

	ΔPr(no payment)				
Predictors	(1)	(2)	(3)	(4)	(5)
ΔEmployer dispute rate	0.681	0.658	0.467	0.848	0.613
	(0.287)	(0.262)	(0.234)	(0.271)	(0.244)
ΔEmployer dispute rate squared		3.070			
		(7.721)			
ΔEmployer nonpayment rate	0.633	0.632	0.576	0.632	0.576
	(0.028)	(0.028)	(0.027)	(0.028)	(0.027)
ΔEmployer nonpayment rate squared		-0.066			
		(0.105)			
ΔEmployer dispute rate x Black				-0.154	0.110
				(0.891)	(0.839)
ΔEmployer dispute rate x Hispanic				-0.856	-0.831
				(0.762)	(0.745)
ΔEmployer dispute rate x Asian				-0.739	-0.944
				(0.732)	(0.720)
ΔEmployer dispute rate x Native				-1.585	-1.061
				(1.479)	(1.495)
Constant	-0.042	-0.041	-0.004	-0.042	-0.004
	(0.003)	(0.003)	(0.005)	(0.003)	(0.005)
Observables	No	No	Yes	No	Yes
Mean nonpayment rate	0.217	0.217	0.217	0.217	0.217
Mean employer dispute rate	0.0332	0.0332	0.0332	0.0332	0.0332
Elasticity of Pr(no payment) wrt to employer dispute rate	0.105	0.101	0.0716	0.130	0.0941
RMSE	0.504	0.504	0.494	0.504	0.494

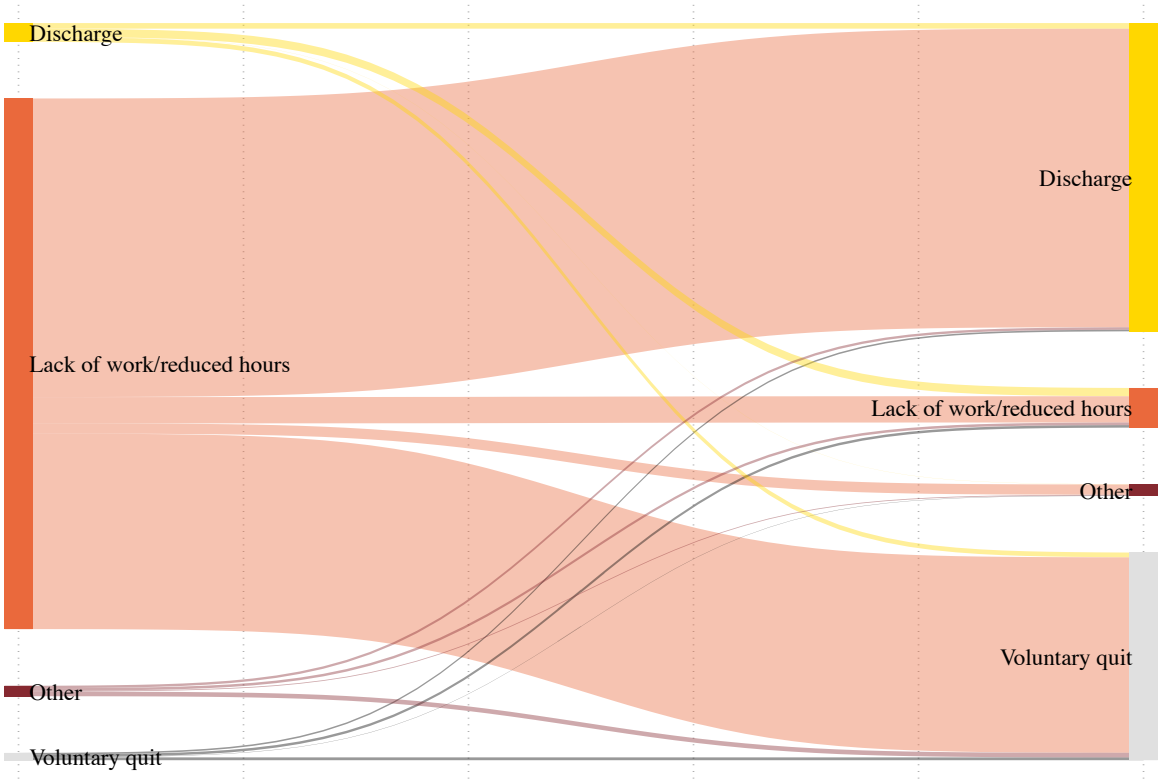
Notes : The estimating sample consists of claimants who claimed at least twice (the sample summarized in Table 3). Columns 1-5 show estimates from a regression of the change in a claimant's probability of experiencing a nonpayment on the difference in the dispute rates and nonpayment rates of the separating employers. Column 1 shows results from a bivariate regression. Column 2 adds employer rates squared. Column 3 controls for a vector of first-differenced time-varying observables: base-period earnings and hours, the number of base-period quarters with positive earnings, quarters of job tenure with the separating employer, claimant reason for separation, the UI benefit replacement rate and potential duration, veteran and disability status, whether the claimant was recalled to former employer, mass layoff indicators, employer-size and sector dummies, and calendar year effects. Column 4 interacts the difference in employer dispute rates with race/ethnicity indicators. Column 5 additionally controls for first-differenced observables. Average employer dispute and nonpayment rates are computed as leave-one-out employer-by-year average, adjusted for measurement error using the approach described in the appendix. Standard errors, clustered at the employer level, are in parentheses.

Figure 1: Flowchart summarizing the claiming, determination, and appeal process



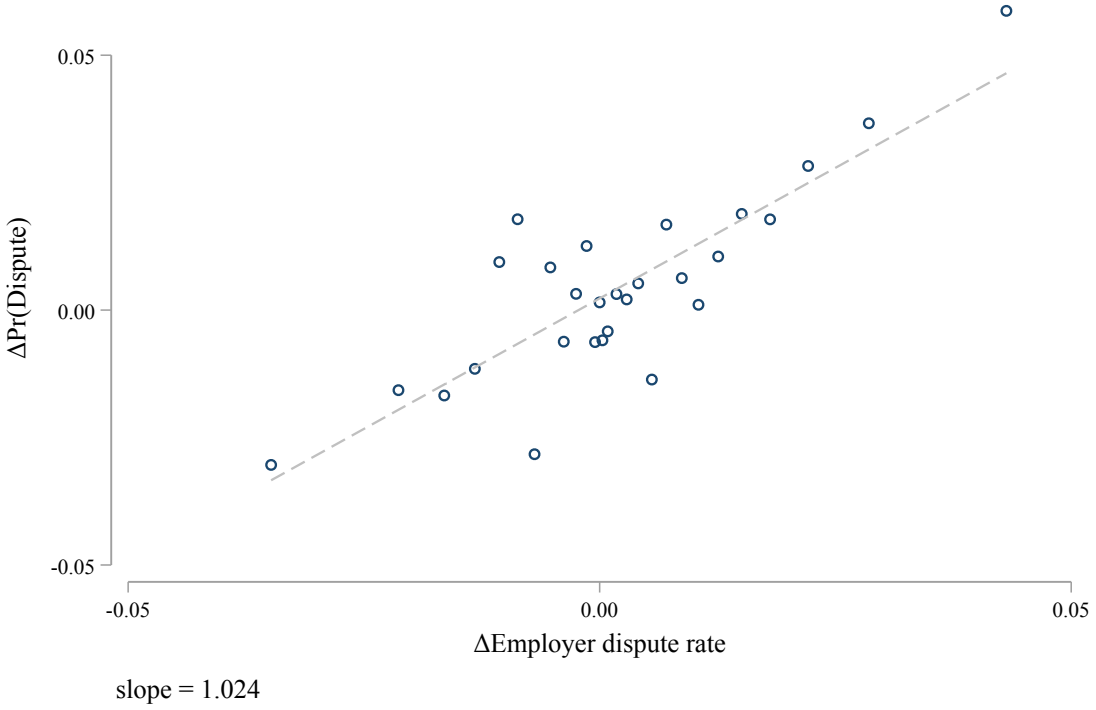
Notes: This flowchart illustrates the process of claiming and determining eligibility for UI benefits. Events and decisions we observe in the data are shown in boldface. Following job separation, a worker decides whether to claim benefits, and if the worker does, the UI agency determines whether the claimant is monetarily eligible (i.e., has an adequate work history to qualify). If the claimant is monetarily eligible, the agency requests information about the worker's conditions of separation from both the worker and the employer(s). If the agency detects a separation issue (for example, due to conflicting reasons for separation conflict), the agency requests further information to adjudicate the issue and make a formal eligibility determination. The outcome of this determination can be appealed by either the worker or the employer, and the appeal will be heard by an administrative law judge, who makes a final eligibility determination. *Sources:* Authors' summary of the claim determination process, based on Revised Code of Washington, Title 50 ("Unemployment Insurance"), Employment Security Department (2014, 2019), Corson, Hershey, and Kerachsky (1986), and Fishman et al. (2003).

Figure 2: Claimants' and employers' reasons for separation



Notes: This flowchart shows cross flows between claimants and employer reasons for separation for given claims (whenever they are reported). The width of each connection is proportional to the number claims out of total non-missing reason for separation; see the text for details. The left hand-side shows the claimants' reasons for separation (lack of work/reduced hours, discharge, voluntary quit, and other) and the right hand-side shows the employer reasons. See Table 1 for the definition of dispute (in cells marked as **bold**).

Figure 3: Employer dispute rates and the probability of UI claim disputes



Notes: Sample consists of claimants who claimed at least twice in different years. The figure shows the change in the probability of having a claim disputed against the changes in the employer-level dispute rate of the separating employer. Employer-level dispute rate is computed as the leave-one-out employer-year averages shrunken using the procedure described in Appendix A. Table 4, column (1), reports the regression underlying the figure.

A Appendix: Shrinking Employer Rates Using Empirical Bayes

Denote C_j as the number of claimants separating from employer j and D_j as the number of claims that employer j disputes; accordingly, the estimate of employer j's dispute rate equals $d_j = \frac{D_j}{C_j}$. Because some employers are observed with only a few claimants, the variance of d_j is greater than what is expected; that is, d_j is overdispersed.

If we assume that the dispute rate follows a beta distribution: $d \sim \mathcal{B}(\alpha, \beta)$ and estimate the parameters α and β using numerical methods described in Lachowska, Sorkin, and Woodbury (2025), we can adjust the employer dispute rate as:

$$d_j^{shrunken} = \frac{D_j + \hat{\alpha}}{C_j + \hat{\alpha} + \hat{\beta}}, \tag{A1}$$

We repeat the analogous steps for denial rates. For employer dispute rates, we obtain that $\hat{\alpha} = 3.73, \hat{\beta} = 94.19$ and for employer nonpayment rates, $\hat{\alpha} = 1.79, \hat{\beta} = 6.54$.

Below are the summary statistics for the observed and shrunk estimates of dispute and nonpayment rates.

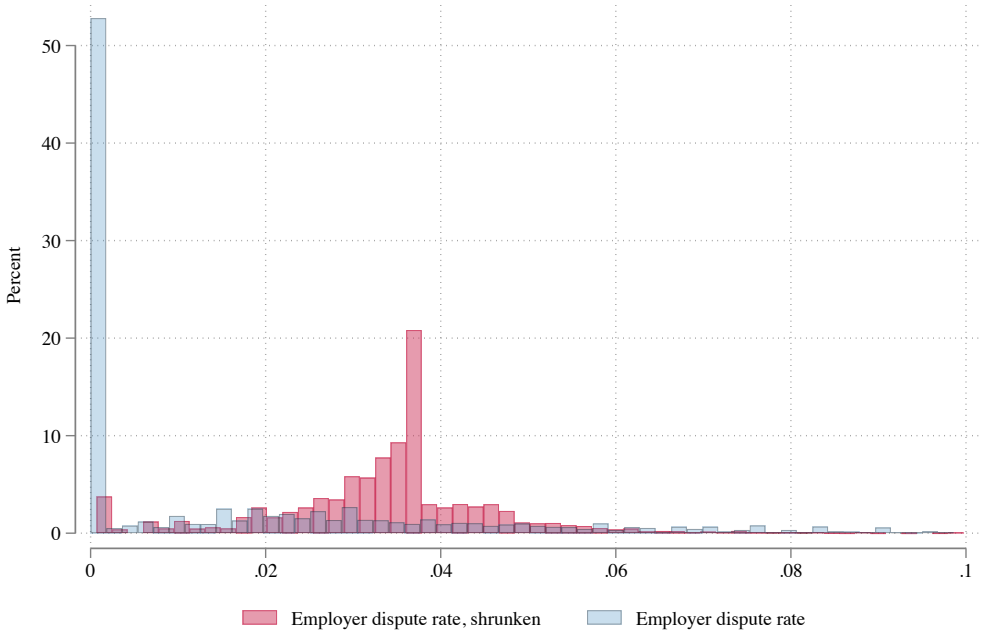
Table A1: Distribution of shrunken and observed employer-level dispute and nonpayment rates

Variable	Obs.	Mean	Std. dev.	Min	Max
Dispute rate					
Observed	420,409	0.033	0.081	0.000	1.000
Shrunken	420,409	0.035	0.013	0.0007	0.0997
Nonpayment rate					
Observed	420,409	0.230	0.211	0.000	1.000
Shrunken	420,409	0.230	0.130	0.013	0.734

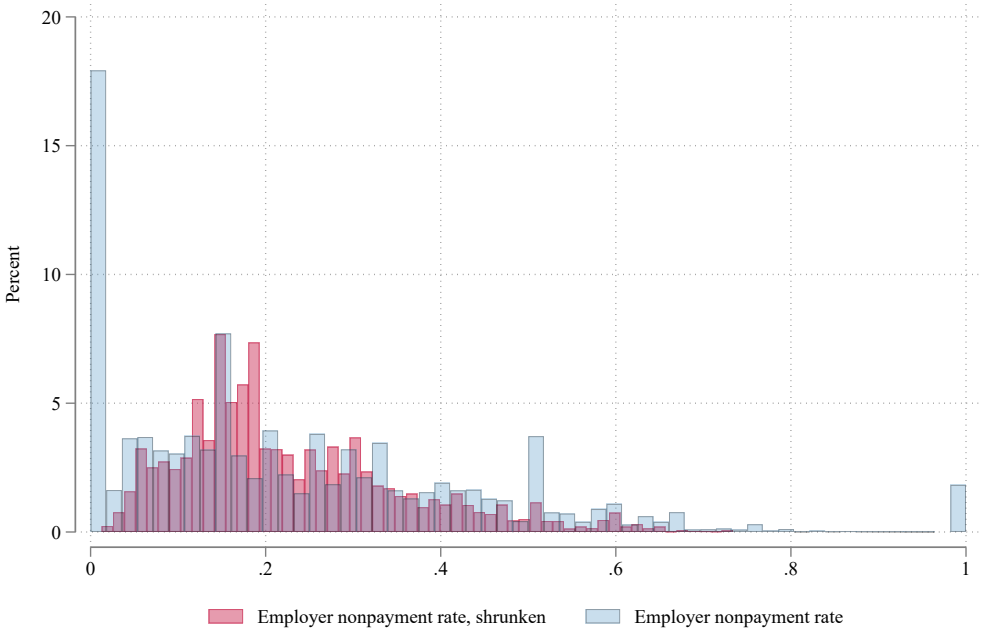
The shrinkage estimator does not meaningfully alter the mean, but adjusts the dispersion of the employer rate variables. For example, the table shows that standard deviation of employer dispute rates decreases from 8.1% to 1.3%. Similarly, the standard deviation of employer nonpayment rates decreases from 21.1% to 13.0%. Figures A1 and A2 present histograms of the observed and shrunken dispute and nonpayment rates.

Figure A1: Distribution of employer nonpayment and dispute rates

(a) Employer dispute rate



(b) Employer nonpayment rate



Notes: The blue bars indicate the raw employer rates and the red bars indicate the shrunken employer rates. See Figure A2 for a version of the employer dispute rate distribution where the domain is restricted to be less than 15%.

Figure A2: Employer dispute rate, full support