

DAY ONE PROJECT

Responding to the COVID-19 Unemployment Crisis and Meeting the Future of Work Challenge

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Summary

Due to technology's disruptive force in society and on the labor force, voices^{1,2} representing business³ and state governments⁴ have recently emphasized the need to revisit the social contract among firms, employees, governments, and citizens. This need has only intensified with the COVID-19 pandemic. The economic emergency associated with the pandemic has left 21.5 million workers unemployed and an additional 11.5 million workers with reduced pay to date.⁵ Today's unemployment numbers are far worse than during the 2008 Great Recession. Underscoring the racial disparity seen in this economic crisis, Black and Latinx workers are currently experiencing higher rates of unemployment than white workers.⁶

The next president should immediately sign two Executive Orders (EOs) to address the current crisis in work and the urgent economic emergency that has left Americans evicted, unable to pay bills, make rent, or put food on the table. The first EO would modernize unemployment insurance nationwide by boosting state unemployment insurance programs. The second would establish a U.S. Future of Work Commission tasked with developing a new model of work that addresses the key challenges the Fourth Industrial Revolution presents to American workers today.⁷

Challenge and Opportunity

U.S. businesses and workers have found themselves facing Great Depression-level challenges due to the COVID-19 pandemic. An estimated 100,000 small firms across the country have closed permanently since March.⁸ 38 million American workers filed for unemployment benefits in April and May.⁹ This unemployment figure likely understates the true magnitude of the problem, since unemployment benefits are not available to many gig workers and independent

¹ Wladawsky-Berger, I. (2020). The urgent need to strengthen the nation's resilience. The Wall Street Journal, May 8. <https://blogs.wsj.com/cio/2020/05/08/the-urgent-need-to-strengthen-the-nations-resilience>.

² Jacoby, J. (2020). Q&A: A New Social Contract for Workers and Business. Open Society Foundation, May 21. <https://www.opensocietyfoundations.org/voices/q-and-a-the-time-is-now-for-a-new-social-contract>.

³ Business Roundtable (2019). Business Roundtable redefines the purpose of a corporation to promote 'an economy that serves all Americans'. August 19. <https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>.

⁴ Reder, L, Stephens, R. (2019). Creating a Future of Work Commission: One step states can take to prepare for the future of work. Aspen Institute, June 28. <https://www.aspeninstitute.org/blog-posts/creating-a-future-of-work-commission/>.

⁵ Shierholz, Heidi (2020). At least 33 million workers are being hurt by the coronavirus recession. EPI. September 25. <https://www.epi.org/blog/at-least-33-million-workers-are-being-hurt-by-the-coronavirus-recession/>.

⁶ Novello, A. (2020). Who is receiving unemployment insurance and who just lost \$600 a week. The Century Foundation. August 7. <https://tcf.org/content/commentary/receiving-unemployment-insurance-just-lost-600-per-week/>.

⁷ Schwab, K. (2016). The fourth industrial revolution: what it means and how to respond. World Economic Forum. January 14. <https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond>.

⁸ Long, H. (2020). Small business used to define America's economy. The pandemic could change that forever. The Washington Post. May 12. <https://www.washingtonpost.com/business/2020/05/12/small-business-used-define-americas-economy-pandemic-could-end-that-forever/>.

⁹ Cohen, P. (2020). Many jobs may vanish forever as layoffs mount. The New York Times. May 21. <https://www.nytimes.com/2020/05/21/business/economy/coronavirus-unemployment-claims.html>.

contractors.¹⁰ In addition, many workers have seen their hours or pay cut.¹¹ These workers are not technically unemployed, but are substantially and problematically underemployed. Even workers who remain fully employed are struggling due to a lack of access to employer-provided health care and sick leave: employment benefits for which no national minimum standards are established in U.S. law.¹²

March 2020 saw Congress pass the CARES Act in response to the emerging economic emergency. The \$1.8 trillion CARES Act provided direct payments to households, businesses, and workers in the hopes of staving off another Great Depression. Within the CARES Act, Congress authorized several enhancements to unemployment insurance. One was the Pandemic Unemployed Assistance (PUA) that for the first time granted unemployment benefits to freelancers and independent contractors. At least 14.5 million Americans have received PUA to date, illustrating just how many of today's workers operate outside of traditional employer-employee relationships.¹³

A second was the Federal Pandemic Unemployment Compensation program (FPUC), which allocated an extra \$600 a week in benefits for laid-off workers as an incentive to shelter in place. These benefits have especially helped Black and other minority workers, who are more likely to be working in jobs that cannot be performed remotely.¹⁴ FPUC paid out \$15 billion a week to 25 million Americans¹⁵ until the end of July, when CARES Act funding ran out and Congress failed to pass an extension or supplemental stimulus package. A third was the Pandemic Emergency Unemployment Compensation program (PEUC), which extended benefits for up to 13 weeks for the longer-term unemployed.¹⁶ Like FPUC, PEUC ended when CARES Act funding ran out at the end of July, with the exception of existing claims, which will be paid through the end of the year.

Especially since CARES Act funding ran out, state labor agencies have been scrambling to fill gaps in our nation's social safety net. These agencies have been delivering billions of dollars of aid every week to dislocated workers since the pandemic began. But there have been significant and wide-spread delays in aid delivery. Nationally, only 44% of state unemployment claims filed between March and mid-July had been paid by the end of August.¹⁷

With no clear end to the COVID-19 pandemic and associated economic emergency in sight, millions of Americans desperately need assistance to meet basic needs. The federal government

¹⁰ Weil, D. (2020). New laws for the fissured workplace. *The American Prospect*. April 29. <https://prospect.org/labor/new-laws-for-the-fissured-workplace/>.

¹¹ Rothwell, J. (2020). Official jobless figures will miss the pain of the economic pandemic. *Brookings Institution*. April 3. <https://www.brookings.edu/blog/up-front/2020/04/03/official-jobless-figures-will-miss-the-economic-pain-of-the-pandemic/>.

¹² Clark, P.F. (2020). Essential workers deserve a law that requires paid sick leave. *Patriot News*. May 18. <https://www.pennlive.com/coronavirus/2020/05/essential-workers-deserve-a-law-that-requires-paid-sick-leave-opinion.html>.

¹³ Shierholz, H. (2020). Almost four months in, joblessness remains at historic levels. *EPI*. July 9. <https://www.epi.org/blog/almost-four-months-in-joblessness-remains-at-historic-levels-congress-must-extend-the-extra-600-in-ui-benefits-which-expires-in-a-little-more-than-two-weeks/>.

¹⁴ Stettner, A. (2020). More than 25 million Americans are about to lose an essential \$600 a week unemployment benefit. *The Century Foundation*. July 8. <https://tcf.org/content/commentary/25-million-americans-lose-essential-600-week-unemployment-insurance-benefit/>.

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ The Century Foundation (2020). Unemployment Insurance Data Dashboard. <https://tcf.org/content/report/unemployment-insurance-data-dashboard/>.

can certainly help by allocating aid at the national level—i.e., by authorizing new funding for the programs described above. But the federal government must also provide technical support to beleaguered state governments overwhelmed with aid demand and backlogged claims. Many states are facing tens of thousands of backlogged claims that will require tens of thousands of staff hours to resolve.¹⁸ These claims collectively represent millions of struggling Americans and billions of dollars in aid. At this scale—a crisis that impacts all 50 states—presidential intervention is essential. The next administration can use the power of the federal government to deploy new technical solutions quickly, helping states could dramatically cut claim-processing time and ensuring that claimants receive the support they so urgently need.

Federal action to modernize unemployment insurance systems nationwide is especially timely because of the challenges posed by COVID-19. But the pandemic is not the only reason to act. Prior to 2020, a national conversation was growing around the future of work and workers in an economy increasingly reliant on human-replacing artificial intelligence (AI) and robots. Industrial robots are already replacing factory workers and lowering earnings in U.S. manufacturing centers.¹⁹ Amazon has launched cashierless convenience stores, and long-haul trucks operated by AI are being road tested. Developments like these threaten the employment prospects of our nation's six million cashiers and truckers—the two most common occupations in the United States^{20,21}—as well as of Americans employed in countless other occupations. States like Washington, California, and New Jersey have already convened commissions to look at these issues.^{22,23} The federal government must similarly recognize that the future of work is here now.

Plan of Action

The next administration should, on Day One, issue two Executive Orders (EOs) to address the current crisis in work and urgent economic emergency. The first EO would modernize unemployment insurance nationwide by boosting state unemployment insurance programs. The second would establish a U.S. Future of Work Commission tasked with developing a new model of work that addresses key challenges facing American workers today.

Modernizing unemployment systems

The next president should issue an EO designed to ensure that all state labor agencies have the capacity to deliver unemployment benefits to any qualified worker in a timely manner. Specifically, the EO would:

¹⁸ Bobrow, A.; Courtney, M. (2020). Interview with Reshma Khilani of U.S. Digital Response regarding suggested fixes for state unemployment insurance delivery systems. August 25. U.S. Digital Response is a non-profit that has been providing technical assistance to state UI systems.

¹⁹ Autor, D.; Mindell, D.; Reynolds, E. (2019). *The Work of the Future: Shaping Technology and Institutions*. MIT Work of the Future. <https://workofthefuture.mit.edu/research-post/the-work-of-the-future-shaping-technology-and-institutions/>.

²⁰ Bureau of Labor Statistics. (2019). Charts of the largest occupations in each area, May 2019. Occupational Employment Statistics, U.S. Department of Labor. https://www.bls.gov/oes/current/area_emp_chart/area_emp_chart.htm.

²¹ Day, J.C.; Hait, A. W. (2019). Number of truckers at an all-time high. Census Bureau, BCTV. bctv.org/2019/06/11/number-of-truckers-at-all-time-high/.

²² Washington State Legislature (2018). Final Bill Report: SSB 6544. <http://lawfilesex.leg.wa.gov/biennium/2017-18/Pdf/Bill%20Reports/Senate/6544-S%20SBR%20FBR%2018.pdf>.

²³ Executive Department, State of California (2019). Executive Order N-17-19. <https://www.gov.ca.gov/wp-content/uploads/2019/08/Future-of-Work-EO-N-17-19.pdf>.

- (1) Appoint a senior official in the Office of Management and Budget to oversee an interagency process aimed at marshaling financial and technical resources to ensure that all qualified Americans receive unemployment benefits by the end of first 100 days of the next presidential term.
- (2) Authorize the U.S. Department of Labor to provide resources needed to establish U.S. Digital Service (USDS) offices²⁴ in states receiving federal unemployment insurance (UI) support. The USDS offices would work with state agencies to address state shortfalls in UI capacity, and would support immediate development of an online portal to coordinate state delivery of federal UI benefits. The portal would be similar to portals created to implement the Affordable Care Act,²⁵ veterans disability claims,²⁶ Medicare payments,²⁷ and applications for naturalization.²⁸ The USDS offices would also help disseminate best practices among different state agencies, including best practices streamlining delivery of state aid.
- (3) Direct the U.S. Department of Labor to allow state labor agencies to utilize trusted technology tools from the private sector to automate certain elements of claims processing. These elements may include fraud prevention, verification of identity and income, and approval of benefits for workers who have quit jobs due to safety concerns and/or who have been in the system longer than 60 days without claim adjudication.²⁹
- (4) The recently established Chief Data Officers (CDO) Council³⁰ is an interagency mechanism to provide “a common set of data principles and best practices in implementing data innovations that drive more value for the public” across the government. In this situation, the CDO Council can eliminate technical obstacles to successful and rapid delivery of data sets by developing workstreams to:
 - (a) Make key economic, technology, and labor data sets more widely accessible and usable;
 - (b) Modernize methodologies for federal employment surveys and occupational projections;
 - (c) Assist state agencies in expanding the scope of state wage records; and
 - (d) Expand distribution of federal labor data.

Establishing a U.S. Future of Work Commission

The next president should issue an EO establishing a U.S. Future of Work Commission tasked with examining challenges to workers and our economy posed by technological disruption to work, growing income inequality, racial disparities in unemployment, and accessibility of employment benefits. The Commission should comprise 25 representatives (including two co-chairs) from business, civil society, education, labor, and state, local, tribal, and territorial (SLTT)

²⁴ The model for this is the U.S. Digital Service, which was created in [2014] to “provide internal consulting services to the federal bureaucracy to improve service delivery and streamline digital processes.” See <https://www.usds.gov/mission>.

²⁵ See <https://healthcare.gov>.

²⁶ U.S. Digital Service (2017). Streamlining VA Appeals Processing. <https://www.usds.gov/report-to-congress/2017/07/veterans-disability-claims/>.

²⁷ U.S. Digital Service (n.d.). Medicare Payment System Modernization. <https://www.usds.gov/projects/medicare-payment-program>.

²⁸ U.S. Digital Service (n.d.). Modernizing our Immigration System. <https://www.usds.gov/projects/n-400>.

²⁹ Bobrow, A.; Courtney, M. (2020). Interview with Reshma Khilani of U.S. Digital Response regarding suggested fixes for state unemployment insurance delivery systems. August 25.

³⁰ Federal Data Strategy (2020). 2020 Action Plan. <https://strategy.data.gov/action-plan/>.

governments. Commission representation should be equally divided between business and labor interests. The EO will mandate cooperation with Commission activities by federal agencies and offices including the White House Council of Economic Advisers, the White House Office of Science and Technology Policy, the National Science and Technology Council, and the Departments of Labor, Health and Human Services, and Education. The White House official from OMB designated in the first EO should act as Executive Director for the Commission.

For nine months, the Commission should meet at least monthly and should hold several field hearings for key topic areas. The Commission should issue a final report to the president by December 2021 on its findings on the following topics related to the future of work, using the pandemic as a lens of analysis:

- Universality: Including family care, workforce support, and income support.
- Technology: Including AI and automation, broadband access, technology as an essential industry (critical infrastructure).
- Progressive capitalism: Including the future of unions, new categories of work beyond independent contractor and employee, workforce training, the impact of climate change on work.

The Commission's work should be guided by a strong focus on equity and in deriving solutions should use policy prototype design methodologies.³¹

Conclusion

The COVID-19 pandemic has thrust into the spotlight the glaring inequalities of laissez-faire American capitalism, an antiquated social safety net, and the disruptive forces of the technology sector on workers. It is time for the United States to modernize its unemployment insurance systems and for us as a society to rethink the future of work. The next administration can make addressing these needs a national priority starting in January 2021. The result will be an improved economic outlook for millions of Americans and the restoration of U.S. global leadership on employment issues.

³¹ Gustetic, J.; et al. (2020). Policy Prototyping for the Future of Work. ASH Center for Democratic Governance and Innovation, Harvard Kennedy School. <https://ash.harvard.edu/publications/policy-prototyping-future-work>.

Frequently Asked Questions

Why should the federal government intervene in state administration of unemployment insurance (UI) benefits?

The federal government, through the U.S. Department of Labor, issues guidelines and standards that states must follow to deliver UI benefits. States cannot improve their UI systems without the involvement of the federal government.

Can't a single federal website be repurposed to solve the backlog of UI claims at the state level?

Unfortunately not. Each state has some unique rules for benefit administration, so a one-size-fits-all web portal is unlikely to solve state-level claim backlogs on its own.

But doesn't this memo propose development of a federal portal?

The federal government has access to data related to work and retirement of workers that could make processing claims much simpler. The federal portal would make it easier for state labor departments to access that data in a secure and reliable way to facilitate benefit administration. The federal portal would complement, not supplant, state-level efforts.

How would the proposed U.S. Digital Services offices make a difference in states?

The concept of digital services teams working in state offices is modeled on the Obama Administration's successful effort to fix the ACA portal healthcare.gov when it immediately crashed after launch. Digital services teams can similarly help states modernize their UI delivery systems through better and less expensive technology solutions. State-level digital services teams can also liaise with the federal government to inform development of the federal portal described above.

Why do we need a federal Future of Work Commission when there have been multiple state commissions on this topic already?

COVID-19 has created tremendous uncertainty around work but the issues driving change in working arrangements and the transition to widespread automation require a policy response. California and Washington have state-level commissions that have issued state policy recommendations on the future of work. (New Jersey's Future of Work commission has not yet issued recommendations.³²) However, these recommendations are state-specific. State governments do not have the resources or scalability that federal action can bring on large-scale, national future-of-work issues.

³² Beth Simone Noveck, New Jersey State Office of Innovation (2020). Blog for New Jersey Future of Work Taskforce, Medium. <https://medium.com/nj-future-of-work-task-force/about>.

What topics would a U.S. Future of Work Commission explore under “Universality”?

Family care: One of the most expensive items in a working family’s budget is childcare. One-third of U.S. workers today have young children, making childcare is essential to the American economy. But childcare has become harder for many families to access. Childcare costs increased by 40% between 1990 and 2011, outpacing wage growth and inflation.³³

Workforce support: The UI system has not been reformed since 1976 and has failed to keep up with modern working trends excluding the majority of unemployed Americans from unemployment benefits.³⁴ Moreover, the benefits that do exist are less generous today than in generations past.

Income support: U.S. workers face obstacles in saving for a secure retirement. Only 54% of U.S. workers participate in some kind of workplace retirement scheme, and Black and Latinx workers participate at lower levels than their white counterparts.³⁵ The conditions of the pandemic make it even more likely that workers will face long-term unemployment.

What topics would the Future of Work Commission explore under “Technology”?

AI and automation: The Commission will examine the extent to which AI and automation displaces workers as well as related questions around algorithmic transparency in making hiring, retention, and remuneration decisions without oversight.³⁶

Broadband access: Broadband access is a pillar of economic opportunity. Unfortunately, geographic and racial divides exist with respect to broadband access in the United States.³⁷ The pandemic has highlighted inequities in broadband access as work and school have moved online and those without access have suffered disproportionately.

Technology as an essential industry: As millions of students, workers, and retail sales shifted from brick and mortar to online, it has demonstrated how the technology industry has now been elevated to become a critical national industry like airlines, energy, and transportation.

What topics would the Future of Work Commission explore under “Progressive capitalism”?

The future of unions: Union membership is at a 50-year low while income inequality is at a 50-year high. These twin facts are leading unions to propose reforms to the National Labor Relations Act, the core federal law governing collective bargaining, to make it easier to form unions and for workers to join them. The Commission should examine these proposals to reverse

³³ Thompson, D. (2019). Why childcare is so ridiculously expensive. The Atlantic. November 26. <https://www.theatlantic.com/ideas/archive/2019/11/why-child-care-so-expensive/602599/>.

³⁴ Edwards, K.A. (2020). “Millions need unemployment benefits. Unfortunately the system is broken.” The Los Angeles Times. April 6. <https://www.latimes.com/opinion/story/2020-04-06/unemployment-benefits-workers-coronavirus>.

³⁵ Economic Policy Institute (2019). Nearly half of U.S. families have no retirement savings. December 10. <https://www.epi.org/press/nearly-half-of-u-s-families-have-no-retirement-savings-policy-makers-should-expand-social-security-to-meet-21st-century-retirement-needs/>.

³⁶ Day, M. (2020). Amazon’s heavily automated HR leaves workers in sick-leave limbo. Bloomberg. June 5.

<https://www.bloomberg.com/news/articles/2020-06-05/amazon-s-heavily-automated-hr-leaves-workers-in-sick-leave-limbo>.

³⁷ Berkowitz, K.; Kessler, J. (2019). The racial equality and economic opportunity case for expanding broadband internet access. Third Way. February 1. <https://www.thirdway.org/report/the-racial-equality-and-economic-opportunity-case-for-expanding-broadband>.

membership decline as well as income inequality.³⁸

New categories of work: The pandemic has highlighted the growing significance of work mediated through the platform economy, which has been seen as one of the biggest transformations of work away from traditional employer-employee relationships and independent contracting in the modern age.³⁹ At the same time, the challenges in California’s AB-5 statute have demonstrated that trying to force such platform workers into the traditional categories of “employee” and “independent contractor” is not an adequate solution.⁴⁰

Workforce training: Today, unlike in past generations, companies spend more on stock buybacks than on workforce training. The government needs to pick up the slack, helping working people to find job training outside of traditional employers and addressing the long-standing racial biases in existing job-training systems.⁴¹ One way the federal government could lead is by launching 21st-century workforce training centers.⁴²

Impact of climate change and climate justice on work: A key component of addressing climate change will be moving from fossil fuels to renewable fuels. It is important to consider the employment implications of this transition, which will create many new jobs but eliminate others.⁴³

Workplace issues affect millions of people. How will the Commission ensure their voices are heard?

Commission membership will comprise not only academic experts but also policy makers; union representatives; members of the business community; and representatives of state, local, tribal and territorial governments. The Commission will also hold field hearings to get input from working people across the entire country in urban, suburban, and rural areas, not only those who are already strongly represented in Washington, DC.

What is Congress thinking about these issues and how will the Commission capitalize on existing proposals from Capitol Hill?

While the Executive Branch cannot compel the participation of Congress in any effort to modernize unemployment insurance or workplaces generally, the Commission can engage with Congress around legislative proposals. Current proposals related to the future of work include the 21st Century Jobs Act and the Portable Benefits for Independent Workers Pilot Program Act.

³⁸ AFL-CIO (2019). Make labor law a priority in 2020. September 12. <https://aflcio.org/about/leadership/statements/make-labor-law-reform-priority-2020>.

³⁹ International Labour Organization (n.d.). Crowdwork and the Gig Economy. <https://www.ilo.org/global/topics/non-standard-employment/crowd-work/lang--en/index.htm>.

⁴⁰ AB-5 Worker Status: Employees and Independent Contractors. (2019-2020). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB5.

⁴¹ Fadulu, L. (2018). Why is the US so bad at worker retraining. The Atlantic. January 4. <https://www.theatlantic.com/education/archive/2018/01/why-is-the-us-so-bad-at-protecting-workers-from-automation/549185/>.

⁴² Gustetic, J.; et al. (2020). Policy Prototyping for the Future of Work. ASH Center for Democratic Governance and Innovation, Harvard Kennedy School. <https://ash.harvard.edu/publications/policy-prototyping-future-work>.

⁴³ McKibben, B. (2019). A Future Without Fossil Fuels. The New York Review of Books. April 4. <https://www.nybooks.com/articles/2019/04/04/future-without-fossil-fuels/>.

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About the Day One Project

The **Day One Project** is dedicated to democratizing the policymaking process by working with new and expert voices across the science and technology community, helping to develop actionable policies that can improve the lives of all Americans, and readying them for Day One of a future presidential term. For more about the Day One Project, visit dayoneproject.org.