

Unemployment for Blacks, Hispanics in Florida saw sharp increase again in 2010

Cuts to benefit weeks would have disparate impact on workers of color

Average annual unemployment for all groups continued to go up from 2009 to 2010, but Black and Hispanic workers had much larger increases than White non-Hispanic workers. Hispanic unemployment increased the most, by 2 percentage points, and unemployment increased by 1.4 points for Black workers, compared with just 0.2 points for White non-Hispanic workers. It appears that the situation for White non-Hispanic workers is leveling off, while Hispanic and Black workers remain in crisis. Blacks had the highest unemployment rate at 16.8%, almost double that for White non-Hispanic residents. The rate for Hispanic residents was 13.6%, half again as much as for White non-Hispanic workers.

	FLORIDA			US		
	2010	2009	Difference	2010	2009	Difference
White non-Hispanic	9.1%	8.9%	0.2	8.7%	8.5%	0.2
Black non-Hispanic	16.8%	15.4%	1.4	16.0%	14.8%	1.2
Hispanic	13.6%	11.6%	2.0	12.5%	12.1%	0.4
Overall	11.5%	10.4%	1.1	9.6%	9.3%	0.3

Source: Current Population Survey

The disparity in unemployment rates shows that communities of color in Florida have been the hardest hit by the recession in Florida and will therefore likely take much longer to recover. This is an important consideration for state policy makers who are proposing changes to Florida's unemployment compensation system. A bill currently before the legislature calls for reducing the maximum number of weeks of unemployment benefits that workers are able to collect. The proposal creates a threshold that would reduce the maximum number of weeks of benefits from 26 weeks to 12 weeks when the state's overall unemployment rate falls below 5%, with an additional week for every 0.5% unemployment rate above 5%.

This would have a disparate impact on Black and Latino workers who have historically been unemployed at much greater rates than the average and who have been particularly hard hit during this recession. If the overall unemployment rate fell to 8% overall, reducing benefits to maximum 18 weeks, unemployment would likely still be much higher for Black and Latino workers. By using the rate of change in unemployment during the recession we estimate that if the average fell to 8% overall the rate for Black workers would be 11.5% and for Hispanic workers would be 9.25%. But these groups would still experience benefit cuts even though it will remain much more difficult for them to find work.

Any changes to the unemployment compensation system should take into account the different situations faced by communities of color, and make sure that the impact of policy changes does not create additional hardship that would make it more difficult for these communities to fully recover.

Method:

Florida has a large enough work force to calculate unemployment rates with racial and ethnic breakdowns with reasonable accuracy if annual averages are used. In 2008 Florida's overall average annual unemployment rate was 6.1% and in 2009 it was 10.4%, an increase of 70%. During this same time period the unemployment rate for Black workers increased slightly faster, at 83%. The increase in overall unemployment from its 2008 rate of 6.1% to our target point of 8% accounts for 44% of the annual increase. Applying this figure to the annual increase in Black unemployment over the same time period yields an estimated unemployment rate of 11.5% at the point when overall unemployment would have been 8%. Applying the same method to Hispanic unemployment, which had an annual increase of 57%, yields an estimated 9.25% at the same point. A limitation of this method the assumption that the differences in the rate of decrease in unemployment between different groups would mirror the differences in the rate of increase, which is not necessarily the case as seen in past recoveries. However given the long-standing disparity in unemployment rates it is safe to say that there will be a gap, and using data on the most recent disparities produces the safest estimate.