

THE
WORKERS
LAB

UNEMPLOYMENT BENEFITS FOR GIG WORKERS

Part One: How Gig Workers Shaped a Tech
Solution to Improve Access to Safety Net Benefits

EXECUTIVE SUMMARY

The Workers Lab developed and tested with workers a technology solution that solves the challenge of verifying income from gig work, paving the way for gig workers to access timely and accurate benefits. The U.S. unemployment benefits system was designed to serve traditional workers in nine-to-five jobs, and it has excluded non-traditional gig and contract workers like app-based, farm, freelance, and domestic workers. Early in the COVID-19 pandemic, national lawmakers passed legislation that enabled gig workers to qualify for unemployment benefits for the first time ever in every state. However, soon the crisis exposed real flaws in the unemployment system. Workers struggled to report income information accurately, preventing them from fully accessing their benefits. States were unable to verify applicants' identity and income, which delayed initial claims and created months-long backlogs.

We at the Workers Lab decided to test a new tech solution that could deliver help quickly by teaming up with our trusted partners at the financial technology company Steady, workers from the Philadelphia Drivers Union and Gig Workers Rising, and experts Julia Simon-Mishel, Andrew Stettner, and Donald Lowman, Jr. We spent dozens of hours talking to workers and testing the solution with them, involving them at every step of the process to ensure that the final product fully meets their needs. The result is an easy-to-use solution that provides gig workers with unprecedented access to their past income from multiple sources - including their gig accounts - and that makes accounting for expenses simple and straightforward. This access opens the way for them to access parts of the safety net previously closed to them.

We also talked to state governments to pilot the solution with them, learning that our income reporting solution would be transformative for other parts of the safety net and developing the concept of an "income passport." In the next phase of the effort, we will work directly with states to test how governments can innovate not only to make gig workers' lives easier today, but also to make the country's systems and structures more equitable, accessible, and inclusive for workers that have historically been excluded.

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FOREWORD



By Donald Lowman, Jr.

*An app-based driving expert
based in Pennsylvania*

I began driving with Uber in 2015, first part-time after losing my job with a healthcare nonprofit and then full-time because of the flexibility it afforded. During my first five years with Uber, I was globally recognized in the top 2% of drivers in the world. I successfully completed 15,000 rideshares and received a five-star rating on 11,000 of those rides, accumulating hundreds of driver emblems and comments. Before I paused driving for Uber in 2020 because of health and safety concerns from the COVID-19 pandemic, I met many other part-time and full-time drivers. Each of us shares similar mindsets to strive for the best and be successful in jobs that afford us an honest living. As gig workers, we also want to receive support if we cannot attain that through no fault of our own.

I am ambitious about my personal and professional growth and reputation. When I started driving with Uber to provide rides, the term “gig worker” was still new. Nonetheless, I strived for excellence and witnessed the growth, usefulness, and accessibility of gig technology. I was trusted by riders to provide high-quality, and reliable services. However, both platform companies and inconsistent government regulations tended to hinder drivers.

In my experience working for Uber, I found the influx of changes to the app and the forced acceptance of new and updated terms and conditions to be overwhelming and daunting. This makes me uncertain about trusting the app technology and the accuracy of earnings and

tips in real time. Lack of clarity about earnings becomes a major obstacle when drivers like myself need to prove our income for services or benefits, as I had to do in 2020 because of the pandemic. Not knowing whether the information that I see in the app is reliable and up to date is another obstacle in the gig worker experience.

Many state laws also made it difficult for gig workers to access unemployment benefits, something that became even more important once the pandemic struck. I had worked hard for years, filed my taxes regularly, kept accounting records, and maintained all necessary documents required. However, I still had to go through a difficult process with a lot of steps, questioning, and time-consuming appeals to verify my income to be considered eligible for benefits.

The unemployment application process caused stress and financial hardship for me and my family during that time. I and other gig workers faced barriers of ambiguity and confusion, preventing us from earning a living wage and getting the support we needed to bounce back after a rough time. Gig workers need better solutions, but much is marketed to gig workers without being designed with their needs in mind. The Workers Lab approached me and other workers to listen to our voices, and considered what we need to succeed. This collaboration has produced a solution that will allow us gig workers to better manage our income, time, and access to benefits.

All workers, gig or non-gig, want a fair livelihood and a chance to succeed. Technology companies and regulatory agencies should start listening, creating solutions that support gig workers’ ambitions and needs. Adopting a solution like the one we produced can be valuable beyond estimation to gig workers and government agencies alike.

INTRODUCTION

During the COVID-19 pandemic, gig and contract workers have needed the government's support more than ever. Early in the pandemic, lawmakers responded to that need by passing legislation that enabled these workers to qualify for unemployment benefits for the first time ever in every state. Quickly, though, we saw that states struggled to process these new benefits, exposing real flaws in the unemployment system's ability to serve all workers. We saw a need to test new solutions that could deliver help quickly.

Pandemic unemployment benefits that covered gig workers - formally, the Pandemic Unemployment Assistance (PUA) and Mixed Earners Unemployment Compensation (MEUC) programs - were established in March 2020 as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and in January 2021, respectively. Suddenly, millions of workers who were not previously eligible for jobless benefits were able to apply. From the start demand was immense. Between just March and December 2020, the National Association of State Workforce Agencies reported that state governments made approximately 419 million individual payments for pandemic unemployment benefits to more than 28 million workers. According to the U.S. Department of Labor, as of the end of August 2021 5.1 million workers were still filing weekly claims for pandemic unemployment benefits, nearly twice the number of those claiming traditional state unemployment benefits. (By law, pandemic unemployment programs ended on September 6, 2021.)

For government leaders, who have been trying their best given the circumstances, processing unemployment benefits for gig workers has often been marked by confusion, haste, inefficiency, and threats of fraud. These challenges led to a rapidly changing policy environment that accentuated the need for reliable income verification technology. At the beginning of the programs, states paid out minimum benefits to anyone who gave them their word that they were a gig worker who had

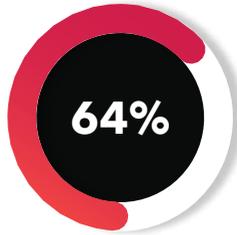
lost their job. But workers could only increase their benefit amount if they independently provided proof of income, leaving workers to receive benefits far lower than traditional unemployment. Then, in December 2020, Congress required that anyone seeking to claim benefits in 2021 would have to verify their pre-pandemic employment. This accentuated the challenge to states and workers. The typical approach for states was to verify claims manually, one by one.

The result has been millions of gig workers waiting months without being able to provide for their families. Some have received far less than they deserved and some have been outright denied because the unemployment agencies can't make sense of what the workers are owed. In that environment, income verification tools like Steady's have a key role to play.

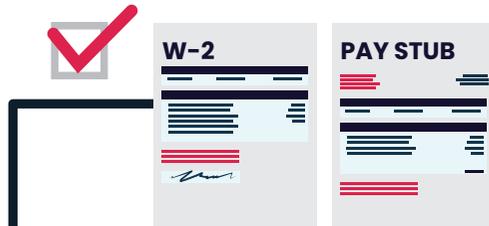
Gig and contract workers are anyone from Uber drivers and farm workers to freelance workers and domestic workers. The U.S. unemployment benefits system was designed largely to serve workers in traditional nine-to-five jobs, and it has historically excluded people in non-traditional work such as "gig work," in which workers of color are overrepresented compared to the national workforce. Traditionally, employers serve as the trusted providers to report what workers earn to the government so that officials can verify an unemployment application. That doesn't happen with gig workers, since companies classify them as independent contractors. That means the burden to organize and report income data falls on workers, which is uniquely burdensome since gig workers are often paid by multiple sources and potentially multiple times a day to make ends meet.

How qualifying for benefits looks different for different types of workers

Traditional 9-to-5 Workers



Of Workforce



Unemployment and other benefits

Apartment lease

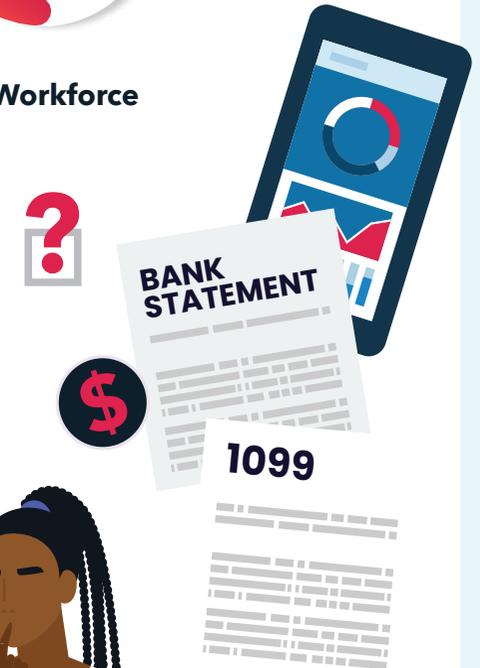
Home loan



Gig and Contract Workers



Of Workforce



Source: Workforce data from Prudential Research

Two key factors unique to gig work complicated the expansion of unemployment benefits and **negatively impacted gig workers:**

1. Workers struggled to access, organize, and report complicated income and expense information, forcing many to receive minimum benefit amounts even when they were eligible for more.

Unlike traditional employees, gig workers may be paid multiple times a day from multiple sources. Some income lands in bank accounts immediately while other income is paid out over time. Gig workers applying for unemployment benefits must also report their expenses, as federal programs required state labor departments to use net income to determine benefit amounts. Since many gig workers rely on personal resources for work (such as phones, cars, gas, and insurance), it's especially difficult to estimate work-related expenses on a weekly basis.

Gig workers who rely on multiple app-based platforms face additional challenges, as different platforms report tips and reimbursements (such as for tolls) on different timelines, and some platforms limit access to past income data. Accounting for true net income in a format acceptable to state labor departments can be an immense task.

2. States were unable to verify applicants' identity and income, which delayed initial claims and created months-long backlogs.

For traditional workers, employers share wage data with state labor departments regularly, making identity and income verification straightforward. By contrast, states have limited trusted data on what gig workers earn, putting the onus on these workers to provide documents confirming their income. The National Employment Law Project and NORC at the University of Chicago found that this negatively and disproportionately affected workers of color. Errors in the application process can be perceived as indications of potential fraud, delaying approval and endangering the worker's access to benefits. Widespread instances of fraud committed by organized criminal groups made states even more hesitant to increase benefits for workers.

When pandemic unemployment benefits were first introduced, workers waited on average 38 days for their first payment. Based on a December 2020 survey of gig workers, one-third of those who had lost all of their income during the pandemic waited at least 110 days - 16 weeks - to receive benefits. Many states struggled to adapt to new unemployment rules and developed large backlogs of applications that left hundreds of thousands of workers in limbo. In September 2020, California's backlog became so large - with 600,000 first-time unemployment applicants and 1 million continuing applicants in process - that the state halted new applications for two weeks.

While pandemic unemployment benefits' newness and staff shortages contributed to the challenges, outdated technology also slowed processing times, delayed payments, and created vulnerabilities for fraud by organized criminal enterprises. For workers, this translated into hours-long hold times at state-run call centers, crashing application portals, and delayed or inaccurate benefits.

Challenges faced by workers and by state employees

Worker

Imagine losing your job in the middle of a pandemic, unable to provide for yourself and your loved ones safely for months. Then imagine being required to spend hours each week piecing together a complex set of income and expense documents to qualify for unemployment benefits, with little to no official guidance.

What might be going through your mind?

“Will I receive benefits? When? Will it be enough?”

“How do I access earning information on three different platforms? How do I calculate expenses?”

“What if I enter information incorrectly and my application is rejected?”



State Employee

Imagine working at a state labor department. More than one in five people in your state are out of work, and the volume of applications is like nothing you've ever seen. You're working tirelessly to get through thousands of applications, but you're being asked to calculate benefits off of income and expense documents you've never seen and have no way of verifying.

What might be going through your mind?

“I want to help this person, but we're behind on applications, and they keep mounting up.”

“How do I piece together income and expenses from multiple screenshots, receipts, and forms?”

“What if I approve this application and it turns out to be fraudulent?”



OUR SOLUTION

To solve these problems, The Workers Lab started by asking the question: **“What if gig workers didn’t have to patch together tax forms, screenshots, and spreadsheets or jump through hoops to fill out state unemployment benefit applications?”** We teamed up with our trusted partner Steady to help them develop and test a tech solution that solves the challenge of verifying income from gig work and paves the way for state employees to more easily deliver timely and accurate benefits to gig workers. **As importantly, we ensured that workers were involved at every step of the process to ensure the final product fully met their needs.**

Here’s how our tech solution helps gig workers and government leaders:



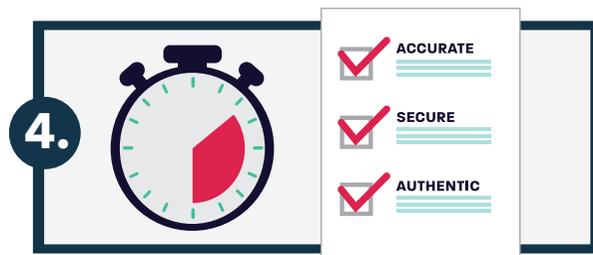
1. Gig workers go to a state website set up by Steady. They consent to safely and securely link the Steady app to their gig platform and financial accounts for the sole purpose of receiving unemployment benefits.



2. Steady’s cutting-edge tech analyzes and organizes all sources of income from gig work and related expenses.



3. Gig workers receive from Steady a streamlined income report that is ready to submit to the state - and ready for state employees to understand.



4. The state analyzes and verifies income from gig work with substantially greater ease, accuracy, efficiency, and integrity.



5. Gig workers get their unemployment benefits faster and more accurately.

These are the features that we built into the solution in direct response to workers' experiences and feedback:

What Workers **Told Us**

Gig income shows up in many forms.

Workers can choose to be paid by the gig platforms many different ways – for example, through scheduled weekly transfers or user-initiated “instant” transfers – with different implications for how to account for earnings in unemployment applications. In some instances, bank data doesn't even name the gig platform that issued the deposit. Plus, not all workers have bank accounts or are willing to share their bank's information.

Platforms limit what data workers can see.

Workers told us that they have never been able to track their income and expenses easily because gig platforms make it hard to see past work and earnings. This feeling of frustration and disempowerment means that workers had a harder time assessing their weekly earnings and presenting it to the government for benefits.

Trust is fundamental.

Workers have to trust that the solution is representing their work correctly, especially when gig companies don't always give them access to the full picture of their own data. When they have the opportunity to understand and clean their data, they can generate more accurate reports they can rely on. Ensuring this trust is fundamental to our solution, as we know workers are eager for reliable ways to improve the unemployment benefits application process. Steady learned through a survey of 256 workers associated with Gig Workers Rising in California that 9 out of 10 of those workers would be willing to share data from their gig or work app accounts if it would lead to faster and more accurate benefits.

How Worker Input Improved **Our Solution**

To get the full picture of a worker's gig income, our solution connects both to a worker's financial institutions and their gig platform accounts. Comparing these two sources whenever possible allows our solution to have the fullest, most accurate understanding of a worker's earnings.

The solution provides workers with unprecedented access to their past income from multiple sources as well as their expenses in a format that is intuitive for them to understand.

Workers are able to manually validate and annotate their data, adding notes to explain what may not be clear from the raw platform data. Rather than relying solely on third-party information, this extra step puts workers in control of how they account for their gig work and provides additional content for reviewers at state labor departments.

These are the features that we built into the solution in direct response to workers' experiences and feedback:

What Workers **Told Us**

Accounting for expenses is complex.

Workers have to distinguish between gross and net earnings for unemployment applications, meaning they need to subtract expenses such as car payments, gas, and insurance. Because many gig workers work for multiple platforms at once, figuring out exactly how much they earned after expenses for each platform can be tricky - and have a big impact on the benefits they receive.

Workers also told us that what qualifies as an "expense" depends on the individual gig platform and whether they have vehicle lease or insurance agreements with it, so having the worker's direct input here is crucial.

Applying for benefits for the first time is intimidating.

Unemployment benefits are complicated and figuring out how to apply can be intimidating. This is especially true for first-time applicants like gig workers, who became eligible for the first time ever during the pandemic. Challenges are even greater for workers who have less experience using technology or who don't speak English as their primary language. When potentially life-saving benefits are at stake, workers need a process that is as accessible as possible.

Not everyone has a personal computer.

Workers have a range of familiarity with and access to digital tools. While not everyone has access to a personal computer, most tend to have at least some comfort with smartphones.

How Worker Input Improved **Our Solution**

Our solution makes accounting for expenses simple and straightforward. We included a series of prompts that workers complete to identify expenses from their financial accounts and out-of-pocket spending, and we account for these expenses in the overall earnings in workers' custom income report.

We made the solution's language and design simple and easy to understand for all users. The simple design also makes it easier to translate the solution into other languages to reach any state's population. Every aspect of the solution, including the instructions and step-by-step "how to" tutorials, were designed with this in mind and tested through multiple iterations of worker feedback.

Our solution is designed to be accessible however a worker might use it, whether via a computer or a mobile device.

OUR PROCESS

Design Sprints are a process to facilitate learning with speed, discipline, and collaboration. We adapted **Google's Design Sprint methodology**, which Google designer Jake Knapp describes as being "for anyone with a big opportunity, problem, or idea who needs to get answers now."

At The Workers Lab, we make this experimentation process our own. Once a year, we lead a Design Sprint to explore new solutions that improve workers' lives and address 21st-century challenges. Critical to our process is the involvement of workers who inform the solution from start to finish.

Our process helps us:

1. Understand the problem and existing solutions.
2. Ideate a set of solutions.
3. Decide on a solution.
4. Prototype and validate the product.
5. Test the solution with workers and evaluate its impact on them.

“For us it comes down to choices, to use tech to do good or to do bad by workers. We have chosen to do good by workers and to prove that innovation can be used as a tool to increase their power.**”**

Adrian Haro
Chief Executive Officer of The Workers Lab

Our Design Sprints are animated by the beliefs that **technology - when designed with and by users - can support rather than hinder workers' economic security**, and that innovation that spurs collaboration among tech, workers, and government can build worker power and advance economic and racial equity.

OUR PARTNERS

Our solution has been built with the help of gig workers, including workers and leadership from the **Philadelphia Drivers Union**, an independent union representing thousands who work in Pennsylvania in the app-dispatched transportation industry; **Gig Workers Rising**, a national campaign to support app-based workers; and **Julia Simon-Mishel's** invaluable support as the supervising attorney and labor law expert at Philadelphia Legal Assistance. Our partners used, tested, and informed the development of the technology so that it addressed their problems, rather than creating new ones.

We sought insights and advice on gig work and safety net benefits from others as well. **Donald Lowman, Jr.**, an app driver and gig work advocate and expert, shared his invaluable perspective on the gig worker experience and helped us refine our solution. **Andrew Stettner**, senior fellow at The Century Foundation, provided guidance on unemployment policy and technology based on his more than 20 years of experience in this field.

HR&A Advisors, an economic development consulting firm, coordinated the Design Sprint, research, and product testing with workers, as well as report production.

And of course, we are indebted to our tech partner Steady. **Steady** is a financial technology company that builds tools that make it easier for workers to manage and track their incomes. Its technology to help gig and low-wage contract workers gain economic stability and build wealth is already tested and used by 3 million workers and major financial institutions.

Background of the workers that informed the tech



AGES
20s-50s



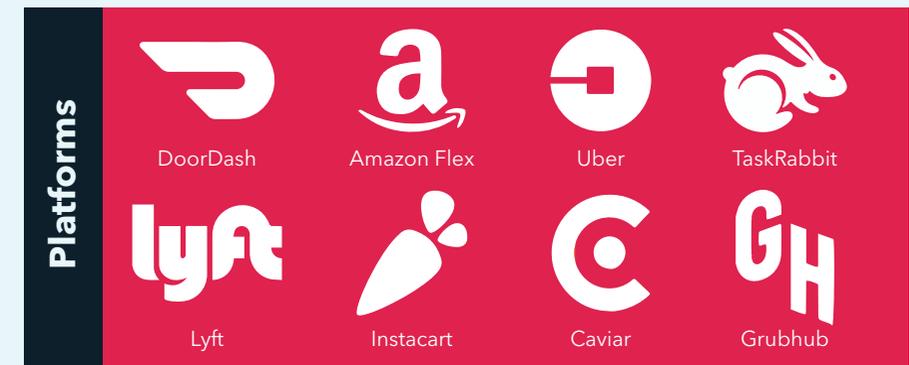
OTHER JOBS
Catering/Banquet Server, Business Owner, Cleaner, Live Event Coordinator, Management Consultant, Personal Assistant, Photographer, Restaurant Worker, Tax Preparer



LANGUAGES SPOKEN
Arabic, Berber, English, French, Hindi, Punjabi, Spanish, Urdu



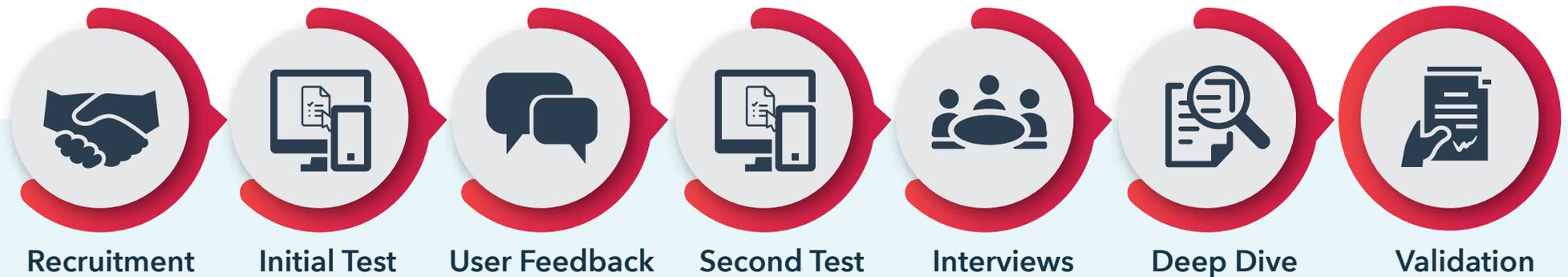
COLLECTIVE YEARS OF EXPERIENCE
70



HOW WORKERS SHAPED OUR TECH SOLUTION

Our tech solution works because it was developed with workers. The solution is the direct result of The Workers Lab's groundwork establishing strong partnerships among a tech startup and a union and bringing them all together around the common goal of making workers' lives better. By placing workers' voices and experiences at the center of the development process, we helped Steady make major improvements to its original prototype and create a product that it could confidently pitch to states and workers as a solution to flaws in today's unemployment system.

More than 15 workers contributed 30+ hours over three months to inform product design. We and Steady took the following approach:



METHODOLOGY

FOR HOW WE ENGAGED WORKERS



Recruitment

First, we coordinated with leaders of the Philadelphia Drivers Union (PDU) to identify a group of gig drivers who had applied for unemployment benefits, worked across a variety of gig platforms, and represented diverse cultural and national backgrounds. The Workers Lab formally contracted with PDU and compensated all workers and coordinating organizations for their time - which we see as the bare minimum for ensuring fair and respectful worker engagement.



Initial Test

In our first meeting with workers, we introduced Steady's prototype solution, provided instructions on how to use it, and fielded questions from workers on topics ranging from how to link their financial accounts to data security to language accessibility. Workers then independently linked their financial accounts to the Steady platform, which allowed Steady to prepare its first test income reports.



User Feedback

After providing income reports to each worker confidentially, we invited workers to small focus groups and 1-on-1 work sessions to share their feedback on the solution's usability and the accuracy of income reports based on their knowledge of their actual income. These invaluable insights guided Steady's redesign of the solution, including the ability to connect directly to workers' gig accounts in order to access gig income.



Second Test

The same group of workers then tested the updated Steady solution and Steady produced and distributed new income reports, adapting their format based on input from the initial test.



Interviews

We conducted in-depth interviews with workers in small groups and individually to collect feedback and validate the income report's data. We found that the updated solution was able to produce accurate income reports that numerous workers would feel comfortable using in their unemployment benefit applications. These interviews also guided final design improvements.



Deep Dive

In parallel with these tests, we met with Donald Lowman, Jr., to learn about his experience as a gig driver, the relationship workers have with gig companies, and the barriers workers face to gain an accurate picture of their own earnings. We also met with Julia Simon-Mishel and Andrew Stettner to understand unemployment requirements and how state unemployment offices would interpret income reports. These conversations informed our product design and worker engagement and helped us understand how the solution could more broadly help workers.



Validation

By the end of our interviews in Philadelphia, we knew PDU members were excited about the solution. Through The Workers Lab's relationship with Gig Workers Rising, we conducted a survey of gig workers in California to see if the solution would have broad appeal. The survey results showed that workers were hungry for a solution that made it easier to track and report income and navigate benefits systems.

PART TWO: DIVING DEEPER

As we were partnering with workers on improving the tech solution, we were also talking to state governments to set the stage to pilot it with them. Since the fall of 2020 we've had conversations with leaders in more than half of the nation's states. We learned about the difficulties they faced in implementing pandemic unemployment programs, about how the solution could support their processes, and about its potential to provide better access to government services far beyond the pandemic. We also learned how much unemployment systems vary across states - everything from the quality of application portals to the clarity of information provided to workers to the type of information that workers must report. For us, this reinforced the need for solutions like ours that are informed by workers and that provide a level of clarity and reliability that is often missing today.

We also learned that the solution we developed has implications and benefits beyond unemployment. In our meetings with state labor and technology departments, with governor's offices, and with national organizations, we consistently heard how transformative a new income reporting solution would be for other parts of the safety net, like accessing nutrition assistance for children and families, healthcare, family and medical leave, disaster relief, and more. So we evolved our solution into an "income passport" that states can use not just for unemployment benefits, but for any other programs requiring income verification. For the first time, both gig workers and state employees could have a simple way to verify gig income across a wide range of benefits. The passport can also be used to automate ongoing income reporting, reducing the strain on workers and state employees who otherwise need to report and review updates weekly or monthly.

As government leaders continue to show major interest in permanently extending access to safety net benefits for gig workers through portable benefits proposals and initiatives like draft Senate legislation that would modernize the unemployment system and permanently offer benefits to gig workers, we can continue to lay the groundwork in multiple states.

What is most exciting to us is that numerous states are now actively considering using the "income passport" to process ongoing unemployment applications, enable workers whose unemployment benefits have been on hold to verify their income data, and to explore applications across other safety net programs. We are working with a couple of those states to run a full pilot of the tech solution. This means that thousands of workers will get unprecedented access to the solution to create income reports and that state agencies will make decisions based on these reports. And, as part of this process we'll be re-engaging with workers to gather feedback on their experience.

We look forward to demonstrating that government can innovate not only to make gig workers' lives easier today, but also to make the U.S. unemployment insurance system more equitable, accessible, and inclusive of workers that have historically been excluded. That's what good government does: it takes care of people. We will dedicate the next months to testing the solution and will share what we learn later this fall. **Stay tuned!**



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