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# The Cost of Employment Discrimination against Transgender Residents of Massachusetts



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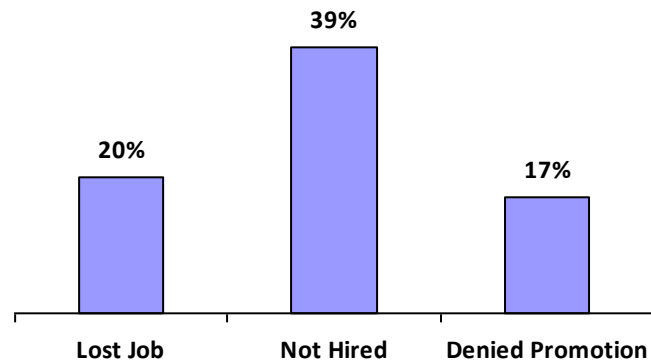
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## Introduction

Transgender residents of Massachusetts have reported experiencing discrimination in employment. The *National Transgender Discrimination Survey* (NTDS) found that 76 percent of respondents from Massachusetts experienced harassment, mistreatment, or discrimination in employment.<sup>1</sup> NTDS respondents reported that due to anti-transgender bias, 20 percent had lost a job, 39 percent were not hired for positions they applied for, and 17 percent were denied promotions.<sup>2</sup>

**Employment Discrimination Among Massachusetts NTDS Respondents (n=283)**



Loss of employment due to anti-transgender bias often means lost wages, lost health insurance coverage, and housing instability. Therefore, employment discrimination might affect the budget of the Commonwealth of Massachusetts in several ways: reduced income tax revenues, higher public assistance expenditures, and other costs. For instance, if a worker is fired for being transgender and loses wages as a result, the Commonwealth loses the income tax revenue it would have gained from those lost wages. Furthermore, that worker may need to participate in a public health insurance program to replace lost employer-provided coverage. Those health insurance costs are then transferred from that worker's former employer to the Commonwealth. This study estimates that the impact of discrimination is likely to cost the Commonwealth millions of dollars each year. The added cost to the Commonwealth for public health insurance coverage alone is \$3 million annually due to employment discrimination.

## Estimating the Transgender Population of Massachusetts

According to the U.S. Census Bureau's 2009 American Community Survey, the population of Massachusetts is 6.6 million.<sup>3</sup> A recent Massachusetts population-based survey suggests that 0.5 percent of the population of Massachusetts considers themselves to be transgender.<sup>4</sup> Therefore, about 33,000 Massachusetts residents are estimated to identify as transgender.<sup>5</sup> If rates of employment discrimination found in the Massachusetts sample of the NTDS hold true for the transgender population of Massachusetts as a whole, then: 6,600 have lost a job, 12,900 were not hired for a job, and 5,600 were denied a promotion due to anti-transgender bias.

## Estimating the Cost of Employment Discrimination

Employment discrimination might negatively affect the Commonwealth's budget for several reasons. This section describes costs in terms of lower income tax revenues, higher public assistance expenditures, and other costs of unemployment and underemployment.

### *Reduced Income Tax Revenues*

When workers are fired for being transgender or are unable to get jobs due to discrimination, their wages are likely to fall, leading to lower income tax revenue for the Commonwealth. According to the NTDS, 15 percent of surveyed transgender Massachusetts residents made \$10,000 or less in annual household income, while only 3 percent of the Massachusetts general population made this amount.<sup>6</sup> Yet, the educational attainment of transgender NTDS participants is high, with respondents reporting much higher rates of attaining college degrees and graduate degrees than the U.S. general population.<sup>7</sup> Therefore, it is likely that this income disparity is due, at least in part, to employment discrimination. If transgender residents of Massachusetts had incomes similar to the general population, the Commonwealth would garner millions of dollars in additional income tax revenues.

A simple example reveals the potential for added state revenue. If 15 percent of all transgender people in Massachusetts make under \$10,000, then nearly 5,000 residents are making this amount annually. If transgender residents were making this amount at the same rate as the Massachusetts general population (3%), about 4,000 additional people would be making more than \$10,000 every year. The difference in income tax revenue for a person making \$10,000 annually versus \$20,000 annually would be \$627.<sup>8</sup> If all 4,000 people shifted from \$10,000 to just \$20,000 in annual income, the Commonwealth would garner over \$2 million in additional income tax revenue per year.

### *Public Assistance Expenditures*

When workers lose jobs, they are likely to lose income and health insurance coverage for themselves and their families. These workers and their families may need to utilize public assistance programs to replace lost income and insurance coverage. Major programs for cash assistance and medical coverage include MassHealth (Medicaid), Commonwealth Care, Transitional Aid to Families with Dependent Children (TAFDC), Supplemental Security Income (SSI), and the Children's Medical Security Plan (CMSP). To the extent that workers who have lost jobs due to discrimination and their families participate in these programs, costs accrue to the Commonwealth.

While it is difficult to estimate the impact on expenditures for all cash and health assistance programs, available data make an estimate possible for Medicaid, known as MassHealth in Massachusetts, and Commonwealth Care, a state-funded program that provides subsidized premiums for low-income Massachusetts residents to purchase private health insurance coverage.<sup>9</sup> These two programs provide health insurance coverage for over 1.5 million Massachusetts residents, transgender and non-transgender alike, each year.<sup>10</sup> This study estimates that the cost to the Commonwealth for both programs is nearly \$3 million annually for transgender workers who have lost jobs due to bias.

According to the NTDS, over 4 percent of transgender residents of Massachusetts who have lost a job due to bias receive their health insurance coverage through MassHealth (Medicaid).<sup>11</sup> Of those respondents in Massachusetts who have *not* lost a job due to bias, *none* receive their health insurance coverage through MassHealth.<sup>12</sup> Applying those rates of MassHealth coverage to the Massachusetts transgender population as a whole, 293 transgender residents who have lost a job due to bias receive their health insurance coverage through MassHealth. The average annual Commonwealth expenditure for each adult enrollee in MassHealth is \$1,841.<sup>13</sup> Thus 293 people getting MassHealth coverage as a

result of discrimination times \$1,841 is nearly \$539,000. In other words, if these 293 residents were to be covered by employer-provided insurance, the Commonwealth would save more than \$500,000 annually in MassHealth expenditures.

Also according to the NTDS, some transgender residents of Massachusetts receive their health insurance coverage through public insurance programs *other* than MassHealth, such as state-funded or locally-funded programs.<sup>14</sup> These respondents could be participating in one of two public health insurance programs in Massachusetts: the Medical Security Program (MSP) or Commonwealth Care.<sup>15</sup> The MSP is an employer-funded health insurance program for those who are receiving Unemployment Insurance benefits. In order to provide cost estimates only for likely Commonwealth Care participants, a state-funded program, those who reported receiving health coverage through other public insurance programs and are currently unemployed are assumed to be covered through the MSP. Those likely MSP participants have been removed from these calculations. The remainder, those who reported that they are receiving health coverage through other public insurance programs and are currently employed, are assumed to be covered through Commonwealth Care.

If the rate of likely Commonwealth Care participation found in the NTDS holds true for the Massachusetts transgender population as a whole, then just over 13% (879 people) of transgender residents who have lost a job due to bias likely receive their health insurance coverage through Commonwealth Care.<sup>16</sup> However, this study assumes that had this group of transgender residents not lost jobs due to bias, they would participate in Commonwealth Care at the same rate as those who reported they had not lost jobs due to bias (just over 5%, or 337 people).<sup>17</sup> In this case, discrimination may have led to a transgender respondent being employed by an employer that does not provide health insurance benefits. Thus, an estimated 542 transgender residents of Massachusetts likely participate in Commonwealth Care as a result of employment discrimination. The average annual Commonwealth expenditure for each member of Commonwealth Care is \$4,474.<sup>18</sup> Thus 542 people getting Commonwealth Care coverage as a result of discrimination times \$4,474 is over \$2 million annually. In other words, if these 542 residents were in better jobs that included coverage by employer-provided insurance, the Commonwealth would save more than \$2 million annually in Commonwealth Care expenditures.

### ***Other Costs of Unemployment and Underemployment***

*Work-related programs:* The Commonwealth of Massachusetts administers various employment programs using federal, state, and employer-contributed funds. In the event that transgender workers lose jobs due to bias, they may qualify for unemployment insurance payments and utilize programs that provide job placement and job training, increasing the costs of those programs. State-only funding supports several programs that unemployed workers could utilize, including programs for those workers who need to complete elementary and secondary education and workers with disabilities or who are blind.

The table below outlines the per-participant Commonwealth expenditures for selected workforce development and services programs for the 2010 fiscal year.<sup>19</sup> For each transgender worker who loses a job due to bias and participates in any one of the listed programs, the cost to the Commonwealth for that worker equals the Commonwealth per-participant expenditure listed for that program.

*Housing programs:* When a worker loses a job due to discrimination, housing instability may result.<sup>20</sup> In the NTDS study, 26 percent of Massachusetts residents who had lost a job due to bias had also been evicted from their homes compared to 5 percent of those who had *not* lost a job due to bias. Housing

and rental assistance programs in Massachusetts include Section 8 housing programs, rental assistance programs, homelessness prevention programs, and shelters. While these programs are funded in large part with federal funds, Commonwealth funds support many of these programs. The Commonwealth proposed spending \$255 million for the 2010 fiscal year on housing and rental assistance programs administered through the Massachusetts Executive Office of Housing and Economic Development (EOHED).<sup>21</sup> Therefore, if transgender workers who have lost their jobs later access these programs for housing or rental assistance, costs accrue to the Commonwealth.

## Conclusion

Any transgender person who loses a job due to discrimination in Massachusetts may experience reduced income, loss of health insurance, and housing instability. Not only does the Commonwealth suffer lost income tax revenue because of discrimination, but each transgender person who loses a job may become eligible for programs that will cost the state hundreds or thousands of dollars. This study estimates that the Commonwealth spends nearly \$3 million annually in Medicaid and Commonwealth Care expenditures alone for workers who have lost a job due to anti-transgender bias. Employment discrimination against transgender residents likely costs the Commonwealth of Massachusetts millions of dollars annually in public assistance program expenditures, lost income tax revenues, and other costs.<sup>22</sup>

### Commonwealth per-participant expenditures for selected programs for FY2010<sup>23</sup>

Office/Department	Program	Total Participants*	Common-Wealth funding	Commonwealth per-participant expenditure
Workforce Development, Division of Career Services	One-Stop Career Centers, Employment Services/Labor Exchange	211,761	\$4,994,467	\$24
Workforce Development, Division of Career Services	Workforce Training Fund Programs, General Program	5,031	\$3,571,400	\$710
Workforce Development, Division of Career Services	Workforce Training Fund Programs, Hiring Incentive Training Grant Program	58	\$95,999	\$1,655
Executive Office of Health and Human Services, Department of Transitional Assistance	Employment Services Program	80,220	\$20,979,163	\$262
Executive Office of Health and Human Services, Massachusetts Rehabilitation Commission	Vocational Rehabilitation Services	20,678	\$10,207,592	\$494
Executive Office of Health and Human Services, Massachusetts Commission for the Blind	Vocational Rehabilitation for the Blind	1,639	\$3,044,221	\$1,857
Elementary & Secondary Education, Adult & Community Learning Services	Adult Basic Education/ESOL	20,372	\$23,710,206	\$1,164

\*Number served or number of employee participants.

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<sup>1</sup> *Findings of the National Transgender Discrimination Survey by the National Center for Transgender Equality and the National Gay and Lesbian Task Force: Massachusetts Results*, Washington: National Center for Transgender Equality and National Gay and Lesbian Task Force, 2011, available at <http://www.masstpc.org/publications/3party/MA-NTDS-final.pdf>. The NTDS study was based on a national convenience sample of 6,456 transgender and gender non-conforming people. This sample provides the best available data on experiences of employment discrimination among transgender and gender non-conforming people in the U.S. The Massachusetts NTDS data set was used by permission of The National Gay and Lesbian Task Force. Additional calculations as needed for the Commonwealth of Massachusetts were completed by the author at The Williams Institute.

<sup>2</sup> *Id.*

<sup>3</sup> U.S. Census Bureau, American Community Survey, 1-year Public Use Microdata Sample (PUMS), 2009.

<sup>4</sup> Conron, K.J., Scott, G., Stowell, G.S., Landers, S., *Transgender Health in Massachusetts: Results from a Household Probability Sample of Adults*, *American Journal of Public Health*, forthcoming.

<sup>5</sup> This figure may not include all residents of the Commonwealth of Massachusetts whose gender identity or expression differs from conventional expectations of masculinity or femininity because individuals may not use the term “transgender” to identify themselves.

<sup>6</sup> *Findings of the National Transgender Discrimination Survey*, 2011, op.cit. Massachusetts general population figure from the U.S. Census Bureau, Current Population Survey, Annual Social & Economic Supplement, 2009.

<sup>7</sup> Grant, Jaime M., Lisa A. Mottet, Justin Tanis, Jack Harrison, Jody L. Herman, and Mara Keisling. *Injustice at Every Turn: A Report of the National Transgender Discrimination Survey*. Washington: National Center for Transgender Equality and National Gay and Lesbian Task Force, 2011, available at [http://www.thetaskforce.org/reports\\_and\\_research/ntds](http://www.thetaskforce.org/reports_and_research/ntds).

<sup>8</sup> A set of conservative assumptions underlie the calculations in this example. The income level of those making less than \$10,000 annually is set at \$10,000, which is the highest possible income in that income range. An income of \$20,000 represents the highest possible income in the next income range (\$10,000-\$20,000). Transgender and gender non-conforming people are over-represented in the lower income categories (60% made \$50,000 or less annually, NTDS sample) compared to the Massachusetts general population (32% made less than \$50,000 annually, 2009 CPS Annual Social & Economic Supplement). This example provides a simulation based on a shift for only the lowest income category.

The 2010 Massachusetts tax forms, available at <http://www.mass.gov>, were utilized in calculating income taxes. In the case of an income of \$10,000, tax owed was calculated for a person filing as single with the standard deduction and the limited income credit. Total tax owed for this person is \$200. In the case of an income of \$20,000, tax owed was calculated for a person filing as single with the standard deduction (not eligible for the limited income credit). Total tax owed for this person is \$827.

<sup>9</sup> For more information on MassHealth, visit the official website of the Massachusetts Office of Health and Human Services at <http://www.mass.gov/?pageID=eohhs2homepage&L=1&L0=Home&sid=Eeohhs2>. For more information on Commonwealth Care, visit the Health Connector website at <https://www.mahealthconnector.org/portal/site/connector/>.

<sup>10</sup> Medicaid total enrollment for FY2007 in Massachusetts was 1,402,500. See The Henry J. Kaiser Family Foundation, *Massachusetts: Total Medicaid Enrollment, FY2007*, <http://www.statehealthfacts.org/profileind.jsp?rgn=23&cat=4&ind=198>. Commonwealth Care total year end membership for FY2008 was 175,617. See The Massachusetts Health Insurance Connector Authority, *Report to the Massachusetts Legislature Implementation of the Health Care Reform Law, Chapter 58, 2006-2008*, available at <https://www.mahealthconnector.org>. Expenditure estimates calculated in this report reflect health care insurance coverage that is available to all Massachusetts residents that meet the requirements for participation in these programs. All of the identified public health insurance expenditures exclude transition-related care.

<sup>11</sup> Grant, Jaime M., et al, 2011, op.cit. Additional calculations completed by the author at the Williams Institute.

<sup>12</sup> *Id.*

<sup>13</sup> Medicaid state-only expenditures were calculated by using the FY2007 average total per-adult-enrollee payment of \$3,506. See The Henry J. Kaiser Family Foundation, *Massachusetts: Medicaid Payments*, <http://www.statehealthfacts.org/profileind.jsp?rgn=23&cat=4&ind=183>. The state share of the total per-adult-enrollee

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payment for FY2007 was calculated by multiplying the payment of \$3,506 by the overall percentage the Commonwealth contributed to the payment (50%), which yields a total per-participant state share of \$1,753 (unadjusted). This per-adult-participant expenditure calculated for this report was adjusted to 2010 dollars to yield \$1,841.

<sup>14</sup> Grant, Jaime M., et al, 2011, op.cit. Additional calculations completed by the author at the Williams Institute.

<sup>15</sup> For more information on the Massachusetts Medical Security Program, visit the official website of the Massachusetts Office of Labor and Workforce Development at <http://www.mass.gov/?pageID=elwdhomepage&L=1&LO=Home&sid=Elwd>.

<sup>16</sup> Grant, Jaime M., et al, 2011, op.cit. Additional calculations completed by the author at the Williams Institute. Those who reported they are currently unemployed are not included in the 13 percent figure reported here. Those who responded that they are covered by “other public insurance” and are currently unemployed are assumed to participate in the Massachusetts Medical Security Program (MSP).

<sup>17</sup> *Id.* Those who reported they are currently unemployed are not included in the 5 percent figure reported here. Those who responded that they are covered by “other public insurance” and are currently unemployed are assumed to participate in the Massachusetts Medical Security Program (MSP).

<sup>18</sup> Commonwealth Care per-member expenditures were calculated by dividing the FY2010 total spending including risk sharing (\$717,245,870) by the FY2010 year end membership (160,318) to yield a per-member Commonwealth expenditure of \$4,474. See Health Connector, *Report to the Massachusetts Legislature: Implementation of Health Care Reform, Fiscal Year 2010*, November 2010, available at <https://www.mahealthconnector.org/portal/site/connector/menuitem.662b0c7793f3a4b2dbef6f47d7468a0c/?fiShown=default>.

<sup>19</sup> Commonwealth Corporation, *Annual Performance Report of Massachusetts Workforce Development Services and Programs*, November 30, 2010, available at <http://www.commcorp.org/resources/detail.cfm?ID=770>.

<sup>20</sup> Not only is housing instability created by job loss, the NTDS found that due to anti-transgender bias, respondents from Massachusetts experienced eviction (6%), denial of a home or apartment (17%), and became homeless (10%). See *Findings of the National Transgender Discrimination Survey by the National Center for Transgender Equality and the National Gay and Lesbian Task Force: Massachusetts Results*, Washington: National Center for Transgender Equality and National Gay and Lesbian Task Force, 2011.

<sup>21</sup> Massachusetts Department of Housing and Community Development, *2010-2014 Consolidated Plan for CDBG, HOME, HOPWA, and ESG*, May 2010, available at <http://www.mass.gov>.

<sup>22</sup> This finding is conservative in that it does not include estimates of the cost to the Commonwealth and to businesses in Massachusetts of curbed spending due to loss of income and other “downstream” impacts of employment discrimination.

<sup>23</sup> Commonwealth Corporation, op.cit.

## About the Author

Jody L. Herman is the Peter J. Cooper Public Policy Fellow at the Williams Institute, UCLA School of Law. She holds a Ph.D. in Public Policy and Public Administration from The George Washington University.

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