



August 11, 2021

WHAT YOU NEED TO KNOW ABOUT

# The End of Covid-19 Emergency Unemployment Benefits

## PRO POINTS

- **Three major unemployment programs** created to address the mass layoffs during the pandemic are set to expire Sept. 6.
- **Neither Congress nor the White House is expected to extend the programs past their expiration.**
- **Estimates suggest well over 7 million people stand to lose aid once the programs expire.**

## HOW WE GOT HERE

Pandemic business restrictions and stay-at-home orders forced millions of Americans out of work and onto unemployment rolls early last year. To address the mass job losses, Congress swiftly enacted three major unemployment programs aimed at keeping the economy and labor force afloat through the worst of the Covid-19 outbreak.

Congress created three main programs under the March 2020 CARES Act:

- **Pandemic Emergency Unemployment Compensation:** provides an extra 53 weeks of benefits to workers who have used up all of their regular state unemployment benefits. States typically provide workers with 26 weeks of benefits, but some offer more and some offer less.
- **Pandemic Unemployment Assistance:** offers up to 79 weeks of benefits to people ineligible for regular state unemployment. That program also extended coverage to independent contractors and the self-employed who were typically unable to get aid in the past. Workers who have used up all of their regular state unemployment as well as their weeks on the PEUC could also qualify for this program.
- **Federal Pandemic Unemployment Compensation:** provides all workers receiving unemployment aid with an extra \$300 a week in benefits. Congress initially gave workers \$600 a week under this program, but the benefit amount was halved when the program was extended in late 2020.

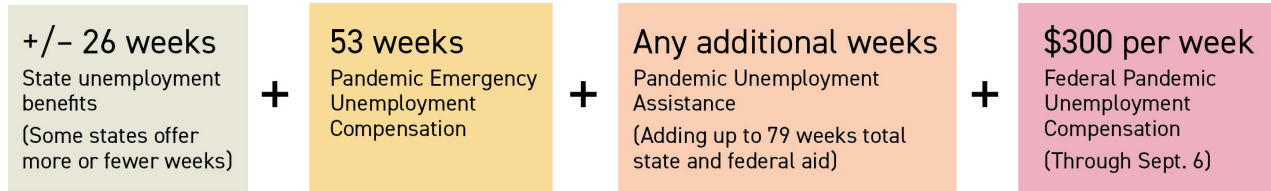
The \$1.9 trillion American Rescue Plan that was signed into law in March 2021 authorized these programs through Sept. 6, meaning that people will lose the benefits even if they haven't used all 79 weeks of benefits they are eligible for. Together, the programs are estimated to have delivered nearly \$800 billion in aid to laid-off workers during the course of the pandemic. Researchers have concluded that the additional income provided by the emergency benefits also had a "noticeable impact" on poverty rates.



## Emergency unemployment benefits issued during the Covid-19 pandemic

The American Rescue Plan has allowed unemployed workers to receive a maximum of 79 weeks of unemployment benefits to help counter economic effects of the coronavirus outbreak. The federal Pandemic Unemployment Assistance program provides additional financial assistance to people eligible for state benefits but living in states that offer less than 26 weeks of state unemployment assistance.

### Compensation for laid-off workers ELIGIBLE for state unemployment



For example ...

... if a person is eligible for and lives in a state that offers 13 weeks of state unemployment benefits:

State	PEUC	PUA
13 weeks	53 weeks	13 weeks

... if a person is eligible for and lives in a state that offers 30 weeks of state benefits:

State	PEUC
30 weeks	49 weeks

### Compensation for laid-off gig workers, the self-employed and others INELIGIBLE for state unemployment



Source: POLITICO staff reports

## WHAT'S NEXT

More than two dozen states have already ended their participation in the federal unemployment programs before the Sept. 6 expiration date, arguing that the benefits were too generous and were keeping people from going back to work. While Democrats and worker advocacy groups called on the Biden administration to force those governors to continue paying out the aid, the White House and Labor Department said they did not have the authority. Some legal aid foundations have been successful in securing state court rulings to reinstate the benefits before the September expiration.

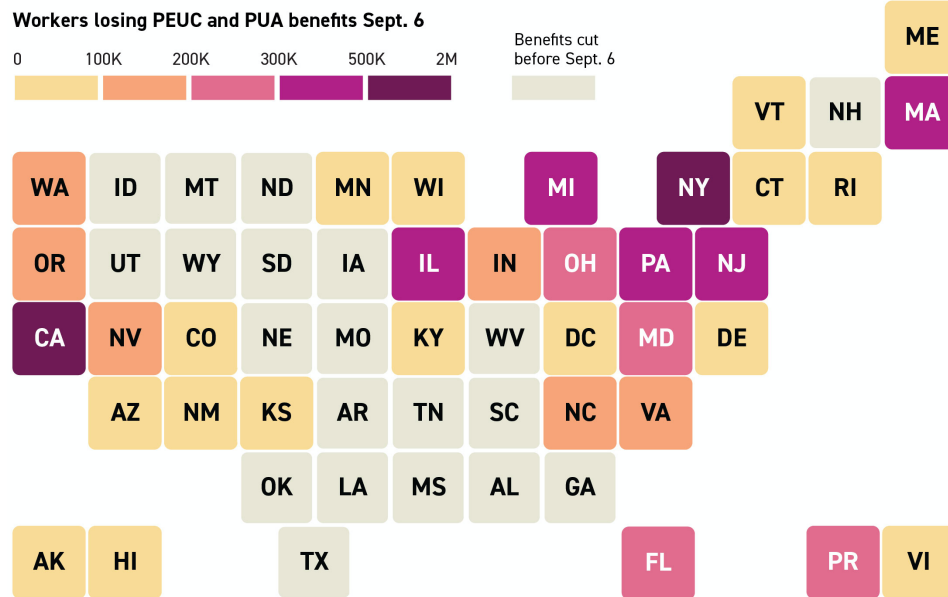
With the number of job openings reaching record levels and businesses complaining of a labor shortage, the White House has signaled it won't call on Congress to keep the emergency programs going. And although Congress has extended these programs three times throughout the pandemic, lawmakers don't appear to have enough votes to do so again. So far, the surge in Delta coronavirus variant cases hasn't changed that.



Once the programs expire, 7.5 million people will lose access to the federal benefits, according to an estimate from the progressive Century Foundation. The most recent jobs report from the federal government showed there were 8.7 million people unemployed in July.

### More than 7 million workers lose American Rescue Plan benefits on Sept. 6

7.5 million workers in the U.S. are estimated to lose Pandemic Emergency Unemployment Compensation or Pandemic Unemployment Assistance benefits when the American Rescue Plan expires Sept. 6, 2021, according to research conducted by The Century Foundation, a progressive think tank. California and New York have the highest number of workers affected, where 2 million and 1.2 million people will lose benefits, respectively.



Source: The Century Foundation

Data as of July 26.

## POWER PLAYERS

- **David Kamin:** The deputy director of the White House National Economic Council has a hand in the administration's next policy moves on unemployment aid. Before he joined the Biden administration, he worked as a senior budget official under Obama.
- **Indiana Legal Services:** one of the first legal aid groups to secure an injunction restoring the canceled federal unemployment benefits in Indiana, one of the 26 states that ended participation in the emergency programs early. The group's legal strategy is now being used in challenges to other states' moves to cut off the extra aid.
- **Sen. Ron Wyden:** The Oregon Democrat chairs the Senate Finance Committee and has been an advocate for unemployment insurance reform throughout the pandemic. He introduced legislation that would phase out the federal pandemic unemployment benefits based on state unemployment rates, but the bill never passed.