



# WHAT YOU NEED TO KNOW ABOUT The Jobless Benefits Cliff

## PRO POINTS

- **More than 18 million people are currently receiving unemployment benefits in the U.S.**
- **Congress created several new jobless benefit programs last year in response to the layoffs caused by the coronavirus pandemic.**
- **The most recent aid package signed into law Dec. 27 extended federally funded benefit programs through March 14. Jobless workers now have a maximum of 50 weeks of unemployment benefits from when they were initially laid off.**
- **Workers who have not exhausted all 50 weeks of benefits by March 14 may still claim benefits through April 5, under the latest aid package.**

## HOW WE GOT HERE

The business shutdowns initiated early last year to prevent the spread of the coronavirus pushed more than 23 million people out of work, a disproportionate number of them lower-paid minorities and women. Congress rushed to provide the laid-off workers with extra cash to help them stay afloat and to prop up the struggling economy, creating several aid programs. They include: Pandemic Unemployment Assistance, which provides jobless benefits to Uber drivers and other gig workers, the self-employed and others not traditionally eligible for help, and Pandemic Emergency Unemployment Compensation, which extends state unemployment benefits — on average, 26 weeks for most states — by 13 weeks to a total of 39 weeks.

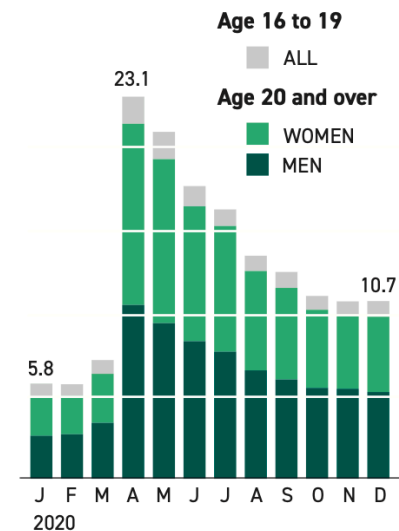
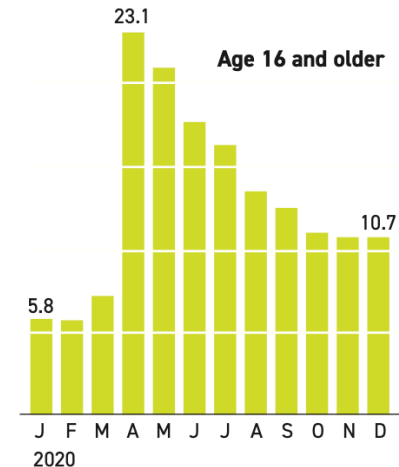
These programs were set to expire on Dec. 31, with final payments made on Dec. 26, in what would have cut off benefits to more than 13 million workers. The \$908 billion economic relief package approved late last month extended those programs until March 14. Lawmakers also provided laid-off workers with an extra payment each week through the Federal Pandemic Unemployment Compensation program.

## Unemployment in 2020

The Covid-19 pandemic caused U.S. unemployment to reach 23 million workers in April.

### Unemployed workers

In millions, seasonally adjusted



Source: Bureau of Labor Statistics



When that program started last March, it provided them \$600 a week in federal money, in addition to their regular benefits, although that payment boost expired on July 31. In the latest relief package passed on Dec. 27, lawmakers restored the program, but at \$300 a week through March 14.

Because Congress set expiration dates on these emergency programs, it created a benefits cliff that could only be avoided through more legislative action. With control of Congress split along partisan lines, lawmakers ran right up to the deadlines last year as party leaders sparred overextending the programs.

### WHAT'S NEXT

While the Federal Pandemic Unemployment Compensation program was revived under the latest aid package, lawmakers waited so long to do so that about two dozen states experienced delays in providing the extended benefits to workers because of programming issues. After President Donald Trump signed the relief bill into law, many states had to wait for the Labor Department to issue guidance explaining how to implement the revised programs. Other states also use antiquated computer systems to pay out unemployment benefits, further slowing the process.

## Unemployment benefit disbursements under new federal programs

The massive economic relief bill signed by the president on Dec. 27 expanded eligibility for, and the duration of, unemployment benefits to help counter the effects of the coronavirus outbreak. Here's how compensation is distributed to the unemployed.

### Compensation for laid-off workers who are **INELIGIBLE** for state unemployment

#### Pandemic Unemployment Assistance

Provides up to 50 weeks of jobless benefits to gig workers, the self-employed and others no longer eligible through March 14.

UP TO 50 WEEKS FEDERAL PAY AFTER STATE PAY EXHAUSTED



### Compensation for laid-off workers who are **ELIGIBLE** for state unemployment

#### State unemployment benefits

State programs offer an average of 26 weeks of compensation for unemployment.

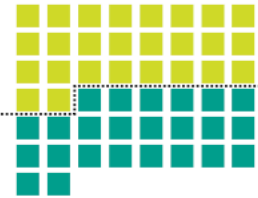
26 WEEKS STATE UNEMPLOYMENT PAY



#### Pandemic Emergency Unemployment Compensation

Once state unemployment benefits are exhausted, the new legislation offers an additional 24 weeks of benefits through March 14.

24 WEEKS FEDERAL UNEMPLOYMENT PAY

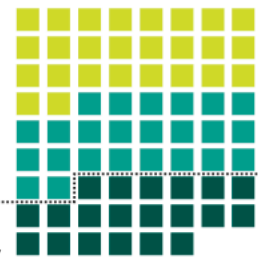


#### Extended Benefits via the new legislation

If PEUC compensation is exhausted, the federal Extended Benefits program offers a maximum of 20 weeks to workers in states experiencing periods of extremely high unemployment.

Normally states cover 50 percent of the cost of this program but Congress provided full federal funding of extended benefits through March 14 in its latest aid package.

20 MORE WEEKS FEDERAL PAY



#### Pandemic Unemployment Assistance

If an individual is in a state that hasn't triggered the Extended Benefits program and hasn't claimed more than 50 weeks of unemployment in state and PEUC benefits, they can apply for PUA.

If an individual has used up all the weeks available under the Extended Benefits program and has not yet claimed 50 weeks of unemployment under state or the PEUC program, they can apply for PUA.

CLAIMED LESS THAN 50 WEEKS STATE AND PEUC

— OR —

CLAIMED LESS THAN 50 WEEKS EVEN ON EB



Source: POLITICO staff reports



President-elect Joe Biden and Democrats have vowed to extend the unemployment programs beyond their current March expiration date. That will be easier for the party to achieve now that it has full control of Washington, though it will still probably need Republican votes to get through the Senate — where the Democrats will only have 50 votes — to avoid GOP filibusters.

Biden on Jan. 14 called on Congress to extend these programs through September 2021, as part of his nearly \$2 trillion stimulus plan to prop up the economy. The president-elect also wants Congress to raise the weekly FPUC payment to \$400 from \$300. But other Democrats want more aid for the unemployed and have called for restoring the weekly FPUC payment to \$600. Biden says he will work with Congress in the meantime on policies “to automatically adjust the length and amount of relief depending on health and economic conditions.” The centrist New Democrat Coalition has backed the inclusion of such “automatic stabilizers” in any extension of the programs, as Biden’s plan proposes. That would ensure that emergency unemployment benefits continue to be authorized as unemployment remains high without the need for further congressional action.

#### POWER PLAYERS



**Heather Boushey**  
Tapped to join Biden’s  
Council of Economic

Advisers, Boushey has written papers urging Congress to extend unemployment benefits until the coronavirus recession passes and to use automatic triggers to decide when benefits should expire. She currently leads the Washington Center for Equitable Growth.



**Sen. Ben Sasse**  
The Nebraska  
Republican is among

a number of GOP lawmakers who have opposed Congress’s efforts to provide beefed-up unemployment benefits, arguing that the extra money acts as a disincentive for workers to get back to the job. He introduced an amendment to the March CARES Act to try to cap weekly FPUC benefits at workers’ previous salary, but it ultimately failed. With slim margins in the Senate, Sasse is a GOP vote to watch.

**National Association of State  
Workforce Agencies**

NASWA is an organization representing the agencies that administer unemployment benefits across the country. The group has advocated for an extension of certain CARES Act provisions that provide federal funding to assist state agencies in handling the deluge of pandemic unemployment claims.