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Many Unemployed Workers Will Exhaust Jobless Benefits This Year If More Weeks of Benefits Aren't in Relief Package

By Chad Stone and Sharon Parrott

As the President and Congress negotiate the next COVID-19 relief package, the federal supplement to unemployment benefits — currently \$600 per week — has gotten wide attention. A second issue also deserves more attention: the number of *weeks* of unemployment benefits available to workers who have lost their jobs is not enough to protect many from running out of benefits while unemployment remains very high and jobs scarce. Policymakers should include an increase in the weeks of benefits available in this legislation.

If Congress fails to provide additional weeks of benefits, a growing number of workers — which likely will reach into the millions by early next year — will exhaust their benefits and be left with no basic income support to replace their lost wages. Because job losses have been largest among workers in low-paid industries — in which Black, Latino, and immigrant workers are overrepresented — workers of color are more likely than white workers to be unemployed longer and therefore to run out of unemployment benefits.

Hardship is already high across the country. For the week ending July 21, 29 million adults reported that their households didn't get enough to eat and nearly 15 million adult renters said they are behind on rent, Census data show.¹ These numbers will likely climb markedly if large numbers of workers exhaust their unemployment benefits. While non-cash benefits like SNAP are vitally important, most workers whose jobless benefits run out are likely to be left without any meaningful basic cash income support.

Who Will Exhaust Benefits?

The maximum number of weeks of benefits available to a jobless worker differs across states and depends on whether the worker qualifies for benefits through the state's regular Unemployment Insurance (UI) program or the new Pandemic Unemployment Assistance (PUA) program created by the CARES Act, enacted in March. PUA provides benefits to certain workers who have lost their

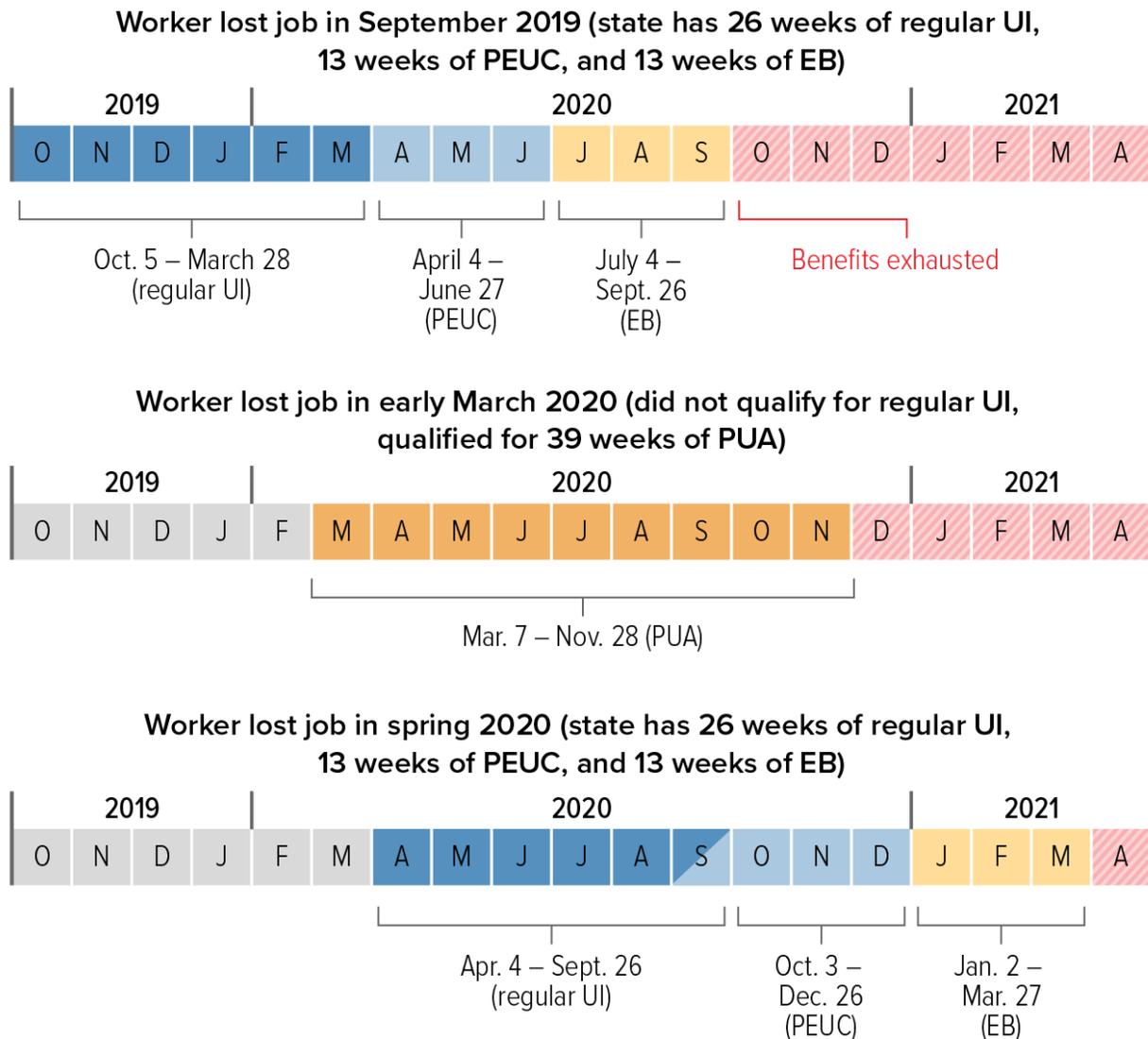
¹ Sharon Parrott *et al.*, "More Relief Needed to Alleviate Hardship," CBPP, July 21, 2020, <https://www.cbpp.org/research/poverty-and-inequality/more-relief-needed-to-alleviate-hardship>.

job due to the crisis and are not eligible for regular state benefits. PUA addresses restrictive state eligibility requirements that prevent many unemployed workers from qualifying for regular state benefits and provides benefits to many of these excluded workers, including those without enough work history, many part-time workers, and many self-employed or contract workers.

FIGURE 1

Millions to Lose Unemployment Benefits Without Federal Action

Examples of workers who will lose unemployment benefits – based on date of job loss, program eligibility, and date of program expiration



Note: UI = unemployment insurance; PEUC = Pandemic Emergency Unemployment Compensation; PUA = Pandemic Unemployment Assistance; EB = Extended Benefits

Source: CBPP analysis

The CARES Act provides up to 39 weeks of benefits to those workers through PUA, and it adds 13 weeks to the maximum number of weeks of jobless benefits for regular UI beneficiaries through the Pandemic Emergency Unemployment Compensation program (PEUC). Both of these programs, however, expire at the end of December. Even with these provisions, a large number of workers will start to exhaust their benefits *before* the end of the year — with many more exhausting early next year — if the next relief package does not increase the total number of weeks of benefits available *and* extend PUA and PEUC into next year. By early next year, it’s likely that *millions* of people will have exhausted their benefits before finding work. (See Figure 1.)

Most states offer a maximum of 26 weeks of regular benefits, but a handful offer fewer. In periods of high unemployment, workers who run out of regular benefits before they can find a job are eligible for additional weeks of “extended benefits” (EB). The maximum number of weeks of EB in a state depends on state laws and how much unemployment has increased in the state.² If unemployment is high enough and state laws allow, states can provide a maximum of 20 weeks of EB. But most states currently offer fewer, with 13 weeks of EB being the most common.

Here are some examples of why the number of workers who exhaust their UI benefits will grow in coming months without action by policymakers:

- **2019 job losers.** The CARES Act made workers receiving unemployment benefits in the second half of 2019 eligible for PEUC, and rising unemployment made EB available in all but one state by July 2020. Even so, someone who lost their job between July and September 2019, started PEUC in April after the enactment of CARES, and was in a state with 13 weeks of EB will have exhausted all available weeks of benefits by the beginning of October 2020. People who became unemployed in October, November, and December 2019 and remained jobless will exhaust all benefits in the fall and early winter this year.

While unemployment was low before the crisis hit, there is normal turnover in the labor market even during good times, as some businesses fail or cut back staffing while others expand, and some workers lose their jobs while some unemployed workers find new jobs. Before the crisis, most workers would have expected to be able to find a new job relatively quickly. Now, however, they are facing a very weak labor market and, for many, a much longer period of joblessness.

- **Workers eligible only for PUA.** The CARES Act, enacted at the end of March, allowed PUA claims back to the beginning of February, but the 39-week duration means that unemployed workers who began to receive PUA based on weeks of joblessness before the end of March will exhaust their 39 weeks *before* the end of this year.

Moreover, PUA itself expires at the end of December. If policymakers don’t both extend PUA beyond December and provide additional weeks of benefits, millions of unemployed workers on PUA will lose those benefits by January.

- **Workers in states that have not taken options to make UI benefits available for the maximum period of time.** Six states provide fewer than 26 weeks of regular UI benefits and,

² CBPP, “Policy Basics: How Many Weeks of Unemployment Compensation Are Available?” updated August 3, 2020, <https://www.cbpp.org/research/economy/policy-basics-how-many-weeks-of-unemployment-compensation-are-available>.

by law, these states must also offer fewer weeks of extended benefits than are allowable in other states. Thus Florida, which has a maximum of only 12 weeks of regular UI benefits, has a maximum of six weeks of EB plus 13 weeks of PEUC. Workers who exhaust these benefits are eligible for some additional weeks through PUA, but there will be no PUA benefits in 2021 if policymakers don't act.

- **Workers in states offering the maximum number of weeks.** Even in states that offer 26 weeks of regular benefits and offer the maximum 20 weeks of EB, there will be workers who lost their jobs in the spring of 2020 and will not be able to find a new one when these benefits run out in the spring of 2021.

Failing to Provide Additional Weeks of Benefits Likely to Exacerbate Racial Inequities

While job losses have been widespread with tens of millions of people out of work, job losses have been largest among workers in low-paid industries. As a result, a large share of those exhausting their benefits will be low-paid workers, who entered the crisis with fewer assets than higher-paid workers.

Due to longstanding inequities in education, employment, housing, and health care, Black, Latino, and immigrant workers are overrepresented in low-paid industries and have seen large increases in unemployment. In past downturns and recoveries, the unemployment rate for Black workers not only rose further than for white workers, but it also fell more slowly as the economy recovered. While it is too early to tell whether this pattern will be repeated in this crisis, in the partial recovery of jobs in May and June, the white unemployment rate, while still very high, fell much more than the even higher Black and Latino unemployment rates.³

This means that workers of color are more likely to be unemployed longer and therefore more likely to run out of unemployment benefits than white workers if policymakers do not provide additional weeks of benefits. Failure to provide additional weeks of jobless benefits will further exacerbate racial labor market disparities and leave more households of color without earnings or income support while unemployment remains high.

³ Chad Stone, "Robust Unemployment Insurance, Other Relief Needed to Mitigate Racial and Ethnic Unemployment Disparities," CBPP, August 5, 2020, <https://www.cbpp.org/research/economy/robust-unemployment-insurance-other-relief-needed-to-mitigate-racial-and-ethnic>.