

Rescuing the Economy from the American Rescue Plan Act

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Introduction

Supporters of the current \$300 unemployment boost want to draw more level-headed policymakers into theoretical discussions about the policy and legitimize it as something beyond a temporary program designed to permanently expire. The truth is simple: there are a record 9.3 million open jobs right now.¹ The economy is starved for workers. It is irrelevant whether the unemployment bonus is a primary driver of the labor shortage (though, to be clear, it is). The fact that so many open jobs exist at all makes it evident that the program is not necessary anymore and will be unnecessary in September.

Don't Chase Red Herrings

The facts are simple and undeniable. The temporary federal pandemic unemployment programs were created for three reasons: (1) states were shut down, (2) shutdowns closed businesses and killed jobs, and (3) normal work search requirements were temporarily lifted so people would stay home, slowing the spread of COVID-19. None of these reasons remain the case. Even some of the hardest-hit states are almost fully re-opened and will most likely be fully open by September. Businesses have adjusted to operate safely and are open. Work search requirements are back in place in most states.² "Normal" is speeding back. 25 states have already chosen to opt out early and most Americans agree with that decision.³⁻⁴

Furthermore, the fact that a bonus creates a disincentive to seek and accept suitable work is implicit in the fact that Congress itself chose to reduce the bonus from \$600 to \$300 when it passed the American Rescue Plan Act. Even President Biden said, "It makes sense," for the bonus to end on time.⁵

Debunking Common Defenses of the Continued \$300 UI Bonus

Claim: There are fewer jobs than at the start of COVID-19 and millions of Americans remain on unemployment.⁶

Reality: There are currently a record number of open jobs in the economy: 9.3 million.⁷ The unemployment rate is 5.8 percent and trending down, as opposed to a year ago, when it was 8.1 percent and trending up.⁸⁻⁹

Claim: PEUC provisions require program participants to accept offers of suitable work, and the slowdown in hiring may reflect safety concerns about returning to work.¹⁰

Reality: Once again, UI bonus supporters contradict themselves. On the one hand, they take credit for the vaccine rollout successes that have made it safer to return to work—but then suggest that, somehow, workers are more concerned about their safety than they were before. 140 million people have been vaccinated, and new infection levels are the lowest they have been since March 2020.¹¹⁻¹²

Furthermore, the work refusal eligibility guardrails were undermined by Biden administration guidance, which allows individuals to reject suitable offers of work (normally disqualifying) and still receive UI benefits and bonuses.¹³

Claim: 46.2 million individuals have received at least one week of unemployment (first payments) during the pandemic, compared to only five million the year prior to the pandemic.¹⁴

Reality: This is not proof of why federal pandemic bonuses should persist. If anything, it is proof of why they should not. There are now more open jobs in America than there were total unemployment cases in the 12 months prior to the pandemic.

Claim: Federal unemployment boosts are not slowing down recovery because in the first three months of the Biden administration, the economy added “more than 1.5 million jobs...the strongest first three months of job growth of any administration.”¹⁵

Reality: If true, there is no need to continue the largest unemployment program in history.

Claim: Twenty-five states cutting pandemic programs are weakening their own recoveries and costing themselves billions in aid and a “multiplier effect” from unemployment benefits.¹⁶⁻¹⁷

Reality: If unemployment benefits were so productive and valuable, why didn’t the economy grow at a record pace with record unemployment spending in 2020? Why do we not shut down the economy every summer? If unemployment creates a multiplier, imagine what the kind of multiplier someone working creates.

¹ U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Summary, June 2021, <https://www.bls.gov/news.release/jolts.nr0.htm>.

² Megan Henney, Fox Business, “States reimposing work requirements for unemployment benefits amid hiring shortage,” [foxbusiness.com](https://www.foxbusiness.com/economy/states-work-requirements-unemployment-benefits-hiring-shortage) (2021), <https://www.foxbusiness.com/economy/states-work-requirements-unemployment-benefits-hiring-shortage>.

³ Foundation for Government Accountability, “Federal Pandemic Unemployment Bonus Opt-Out Tracker” [fga.org](https://thefga.org/unemployment-opt-out/) (2021), <https://thefga.org/unemployment-opt-out/>.

⁴ Greg Iacurci, CNBC, “54% of Americans support states’ decision to end \$300 unemployment benefit, Quinnipiac poll finds,” [cnbc.com](https://www.cnbc.com/2021/05/26/54percent-of-americans-support-state-cuts-to-300-unemployment-quinnipiac.html) (2021), <https://www.cnbc.com/2021/05/26/54percent-of-americans-support-state-cuts-to-300-unemployment-quinnipiac.html>.

⁵ Sarah Hansen, Forbes, "Biden: It 'Makes Sense' That \$300 Unemployment Will End In September," forbes.com (2021), <https://www.forbes.com/sites/sarahhansen/2021/06/04/biden-it-makes-sense-that-300-unemployment-will-end-in-september/?sh=56a81e4666c2>.

⁶ Office of House Majority Leader Steny H. Hoyer, "Emergency Unemployment benefits help workers, families, and the economy," Office of House Majority Leader Steny H. Hoyer (2021), <https://www.majorityleader.gov/content/emergency-unemployment-benefits-help-workers-families-and-economy>.

⁷ U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Summary, June 2021, <https://www.bls.gov/news.release/jolts.nr0.htm>.

⁸ Publicly available data from Bureau of Labor Statistics

⁹ Publicly available data from Bureau of Labor Statistics

¹⁰ Hoyer statement

¹¹ Centers for Disease Control and Prevention, COVID Data Tracker (2021), <https://covid.cdc.gov/covid-data-tracker/#vaccinations>.

¹² John Bacon and Jorge L. Ortiz, USA Today, "New infections drop below 15,000 for first time since March 2020; vaccinated Americans get more travel freedom: Latest COVID-19 updates," msn.com (2021), <https://www.msn.com/en-us/news/us/new-infections-drop-below-15000-for-first-time-since-march-2020-vaccinated-americans-get-more-travel-freedom-latest-covid-19-updates/ar-AAKOQFN?ocid=uxbndlbing>.

¹³ United States Department of Labor, Employment and Training Administration, Unemployment Insurance Program Letter 16-20, Change 5, https://wdr.doleta.gov/directives/attach/UIPL/UIPL_16-20_Change_5.pdf.

¹⁴ Hoyer statement

¹⁵ Hoyer statement

¹⁶ Hoyer statement

¹⁷ Heidi Shierholz, New York Times, "Republicans, Don't Ignore the Evidence on 'Labor Shortages,'" nytimes.com (2021), <https://www.nytimes.com/2021/06/06/opinion/jobs-report-wages-unemployment-covid.html>