



Lawsuit Aims to Stop Indiana's Attempt to End Federal Unemployment Handouts

OVERVIEW

On May 17, 2021, Indiana Governor Eric Holcomb, citing the availability of more than 116,000 vacant jobs across the State, **announced that Indiana would end its participation in federally funded pandemic unemployment programs effective June 19, 2021**, ahead of their official end date of September 6, 2021.

FEDERAL PANDEMIC UNEMPLOYMENT PROGRAMS

1

Pandemic Unemployment Assistance (PUA)

For workers who were not eligible for regular unemployment benefits and whose unemployment was purportedly caused by COVID-19.

2

Pandemic Emergency Unemployment Compensation (PEUC)

Extended regular unemployment compensation benefits for workers who had exhausted UI benefits.

3

Federal Pandemic Unemployment Compensation (FPUC)

Increased UI benefits by \$600 per week beginning in March 2020, then to \$300 per week from December 26, 2020 through September 6, 2021.

FRIVOLOUS LAWSUIT & PRELIMINARY INJUNCTION

On **June 14, 2021, a civil lawsuit was filed** in Marion County Superior Court on behalf of five unemployed plaintiffs and a non-profit group claiming that Governor Holcomb's order to end Indiana's pandemic unemployment benefits early violates Indiana state law.

Then, on **June 25, the judge issued a preliminary injunction** ordering the state to continue to provide the benefits until the case is resolved. This means the judge thought there was enough evidence and potential harm to the plaintiffs to justify issuing an order that simply preserves the status quo pending final determination of the case.

A day before the judge issued this order, the state filed a motion for a new judge. That **motion was approved on June 29** after the order was issued.



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LAWSUIT'S MERITLESS CLAIMS

Specifically, the lawsuit claims the governor's order violates Indiana Code Section 22-4-37-1 which secures "all the rights and benefits" which are conferred upon the State of Indiana, employers, and employees, including, the lawsuit alleges, all federally funded pandemic unemployment benefits. **The lawsuit requested a court order to compel the state to continue to provide extended unemployment benefits until the case is resolved.**

WHY THE LAWSUIT WILL LIKELY FAIL

Plaintiffs fail to properly read and apply the statute in question.

1

First, the law applies to Indiana's UI program, not the federal pandemic benefits program.

2

Second, even if the law does apply, plaintiff has still erred since Indiana law secures all the rights and benefits of not only the state's employees, but its employers and the state itself as well. This is contrary to plaintiff's interpretation which would only apply its protection to employees.

3

Here, the state has exercised its legal authority by simply refusing to continue to accept federal unemployment benefits that were no longer needed; benefits that had begun to harm rather than help. The state coordinated with the U.S. Department of Labor to properly complete all required steps to end its participation in the federally funded programs and provided timely notification to claimants who would be impacted by its decision to withdrawal.

BOTTOM LINE

This lawsuit will fail because the state has fully complied with Indiana law in an effort to put Hoosiers back to work and the allegations in the lawsuit are without merit.



How the Federal UI Bonus Hurts Indiana

1. The \$300 Weekly UI Bonus Pays Hoosiers to Stay Home

Currently, a single-parent family with two children in Indiana could earn **\$3,636 each month in cash or cash-equivalent government benefits—equal to more than \$43,000 per year.** In fact, of these cash benefits, a shocking 59 percent are directly due to unemployment insurance (UI) payments and the federal \$300 weekly UI boost.

\$3,636	\$43,000
PER MONTH	PER YEAR

Single-parent family with two children in Indiana

2. Coupled with Other Non-Cash Benefits, Hoosiers Have Little Incentive to Return to Work

After factoring in non-cash welfare programs like Medicaid benefits, these Hoosiers could earn up to **\$4,691 per month—or more than \$56,000 per year**—in total benefits. That’s the equivalent of receiving **more than \$27 per hour full-time—or more than \$54 per hour part-time—just to stay home.** In contrast, the median wage in Indiana is \$18.56 per hour, and the minimum wage is \$7.25 per hour.

Put simply, Hoosiers can receive the **equivalent of 46 percent more than the median wage and 273 percent more than the minimum wage** by not returning to work.

\$27/hr	\$18.⁵⁶/hr
TOTAL BENEFITS	WORKING FULL-TIME

VS

3. Indiana Businesses Are Struggling to Find Workers

Based on data from the US Dept of Labor, there are between **150,000 and 168,000 open jobs in Indiana.** Meanwhile, there are still **nearly three times as many continuing UI claims in Indiana as there were prior to the onset of the COVID-19 pandemic,** all while new UI claims are ticking upward, with a nearly 80 percent rise in initial claims between the first week in April and the last week in April. While tens of thousands of Hoosiers remain on unemployment, Indiana’s businesses are struggling to fill open positions.

BOTTOM LINE

With so many vacant jobs across the state, Governor Holcomb made the right call to opt out of the federal UI bonus in order to encourage those on unemployment to return to work. Indiana should continue to stand its ground in the face of this meritless lawsuit.