



Paid Not to Work: Federal Benefits and Bonuses Are Keeping Workers Home

THE PROBLEM:

Congress's pandemic response has greatly expanded unemployment and other benefits.



The weekly UI bonus was a **massive expansion in federal welfare.**



Those on unemployment **can receive UI benefits for roughly 80 weeks** because of program expansions.¹

THE REALITY:

Federal policies incentivize people to stay home.



Average income with the UI bonus was **\$3,427 per month** (\$41,130 per year) in cash or cash-equivalent benefits.²



Even without the UI bonus, **it pays more than \$12 per hour** to be unemployed.

CASH/CASH EQUIVALENT PROGRAMS	UI BONUS WITH TRADITIONAL CHILD TAX CREDIT	NO UI BONUS WITH TRADITIONAL CHILD TAX CREDIT
UI Bonus	\$1,300	\$1,300
Average State UI	\$1,003	\$1,003
Child Tax Credits	\$333	\$333
Earned Income Tax Credit (EITC)	\$426	\$426
Food Stamps	\$365	\$365
MONTHLY TOTAL	\$3,427	\$2,127

Based on average low-income American adult with two children under the age of six.

THE IMPACT:

The benefits from staying home are more lucrative than working.

	EARNINGS FROM WORK	MONTHLY CASH BENEFIT TO STAY HOME WITH UI BONUS	PERCENT DIFFERENCE	MONTHLY CASH BENEFIT TO STAY HOME WITHOUT UI BONUS	PERCENT DIFFERENCE
Monthly earnings of a full-time worker earning minimum wage	\$1,257	\$3,427	173 percent	\$2,127	69 percent

Eliminating the unemployment bonus removed some of the disincentive to work, but people are still being given more to stay home.

The new Child Tax Credit is really shaping up to be a partial replacement for the UI bonus.

CASH/CASH EQUIVALENT PROGRAMS	STATES THAT OPTED OUT OF THE UI BONUS (June 2021)	STATES THAT KEPT THE UI BONUS (June 2021)	AFTER THE UI BONUS EXPIRES BUT WITH THE EXPANDED CTC IN EFFECT (October 2021)
UI Bonus	\$1,300	\$1,300	\$1,300
Average State UI	\$1,003	\$1,003	\$1,003
Child Tax Credits	\$333	\$333	\$600
Earned Income Tax Credit (EITC)	\$426	\$426	\$426
Food Stamps	\$365	\$365	\$365
MONTHLY TOTAL	\$2,127	\$3,427	\$2,394

Based on average low-income American adult with two children under the age of six.



The expansion of the Child Tax Credit and making it fully refundable for 2021 allow individuals to **receive the full amount while not working**.³



States that have not yet opted out of the unemployment bonus are getting a **double dose of welfare expansion**.

THE BOTTOM LINE

Federal lawmakers should roll back the pandemic-era welfare expansions.

1

Federal policymakers should push back on Biden's welfare-for-all agenda.

2

To unleash the economic recovery, new and enhanced benefit programs—like the federal UI bonus and child tax credit—should be allowed to expire on time.

1. Jonathan Ingram, Hayden Dublois, Nicholas Horton, "Three key signs opting out of the unemployment bonus is working," Foundation for Government Accountability (2021), <https://thefga.org/paper/three-signs-opting-out-unemployment-bonus-is-working/>.

2. Author's calculations.

3. Congressional Research Service, "The Child Tax Credit: Temporary Expansion for 2021 Under the American Rescue Plan Act of 2021," Congressional Research Service (2021), <https://crsreports.congress.gov/product/pdf/IN/IN11613>.