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Opting Out: Arkansas's Economy Is Booming Since Ending the Destructive Unemployment Expansions

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KEY FINDINGS



ARKANSAS WAS **ONE OF THE FIRST STATES** TO END THE JOB-KILLING FEDERAL COVID-19-RELATED UNEMPLOYMENT PROGRAMS.



SINCE OPTING OUT, THE NUMBER OF ARKANSANS REGISTERING FOR WORK HAS **INCREASED BY 28 PERCENT.**



EMPLOYERS HAVE HIRED **NEARLY 160,000 NEW WORKERS** SINCE GOV. HUTCHINSON'S OPT-OUT ANNOUNCEMENT.



UNEMPLOYMENT SPENDING IN ARKANSAS HAS **PLUMMETED BY 90 PERCENT.**

THE BOTTOM LINE:

ARKANSAS IS SHOWING THE COUNTRY HOW TO MOVE AMERICANS OFF THE SIDELINES AND BACK TO WORK.

Even as COVID-19 waned, Arkansas's economy was slow to bounce back

In May 2021, Arkansas Governor Asa Hutchinson was faced with a major problem: The state still had not recovered the nearly 32,000 jobs lost during the peak of the pandemic.¹ Individuals were still dropping out of the labor force.² Despite a fully opened economy, nearly twice as many people were collecting unemployment benefits as before the pandemic hit.³

This slow job growth was not for lack of economic activity: Retail sales were up nearly 40 percent, with some industries seeing sales more than double.⁴ In fact, businesses were desperate for workers to help meet demand. Employers in Arkansas had nearly 80,000 jobs sitting unfilled—the highest level ever recorded.⁵ Even with wages reaching record-high levels and continuing to grow, Arkansas businesses simply could not attract enough workers.⁶



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One big reason: Pandemic-related unemployment programs were discouraging work.⁷ These federal programs provided a \$300 weekly unemployment bonus on top of Arkansas's regular unemployment benefits, extended how long people could stay on unemployment to 79 weeks, and waived eligibility requirements.⁸ In many cases, individuals could collect more in unemployment and other welfare benefits by staying home than by returning to work.⁹

On May 7, Governor Hutchinson decided it was time to change course and jumpstart the Arkansas economy. He announced his plan to help solve the worker shortage crisis by ending the destructive unemployment expansion.¹⁰ Arkansas became one of the first states to end the pandemic-related unemployment programs, effective June 26.¹¹ This decision set the stage for an Arkansas economic comeback—and now, just a few weeks in, that is exactly what is unfolding in the Natural State.

The number of Arkansans registering for work has increased by 28 percent

When Governor Hutchinson announced that Arkansas was ending the pandemic-related unemployment programs, work search activity spiked immediately.¹²⁻¹⁴ Now, never-before-released data from the Arkansas Division of Workforce Services reveals that the number of Arkansans registering on Arkansas JobLink (AJL)—the state's job-matching system—grew rapidly after the state ended the bonus.

Throughout May 2021, AJL averaged fewer than 900 new registrations each day.¹⁵ But in the roughly two-week period between June 26 and July 12—immediately after the unemployment bonus expired—*more than 19,000* Arkansans registered as job seekers through AJL.¹⁶



ON AVERAGE, **MORE THAN 1,100 JOB-SEEKER ARKANSANS** ARE REGISTERING FOR WORK EACH AND EVERY DAY.

On average, more than 1,100 job-seeker Arkansans are registering for work each and every day—a 28 percent increase over the course of just a few weeks.¹⁷

JOB SEEKER REGISTRATIONS SPIKED 28 PERCENT AFTER ENDING THE UNEMPLOYMENT EXPANSIONS

Average daily job seeker registrations through AJL



Source: Arkansas Division of Workforce Services

This is a sure sign that the economic bounce-back is underway in Arkansas. And unsurprisingly, as more and more Arkansans register for work, thousands of jobs are being filled across the state.

Nearly 160,000 Arkansas jobs have been filled since Governor Hutchinson’s opt-out announcement

Since Governor Hutchinson announced the end of the pandemic-related unemployment programs, Arkansas businesses have filled thousands of new jobs—and this is just the beginning.

Between May 7 and July 7 alone, employers reported a remarkable **159,448 new hires**.¹⁸ In fact, **nearly 2,600 jobs are now being filled in Arkansas each day**.¹⁹ This is nearly double the number of new hires businesses were able to make in April.²⁰

HIRING HAS EXPLODED BY 92 PERCENT SINCE GOVERNOR HUTCHINSON ANNOUNCED THE UNEMPLOYMENT EXPANSION WAS ENDING

Average daily new hires reported



Source: Arkansas Division of Workforce Services

Finally, Arkansas employers who have been in dire need for workers have been matched with employees to help them keep their doors open, meet customer demand, and thrive.

This strong trend can be seen in the state's change in the number of initial unemployment claims as well. Since the week before the unemployment bonus expired on June 26, new unemployment claims have declined by 21 percent in Arkansas—far greater than that of nearby states that haven't opted out of the unemployment bonus, such as Kansas.²¹

Put simply, since the \$300 weekly unemployment bonus ended in Arkansas, thousands of Arkansas residents have looked for and found work at businesses across the state—a strong indicator that the Arkansas economy is heading for prosperity.

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Unemployment spending has plummeted by 90 percent

Like most states, Arkansas's unemployment insurance (UI) trust fund has not returned to its pre-pandemic levels.²² However, new trends since the unemployment bonus expired indicate that unemployment costs are on the decline.

Since Arkansas ended the bonus on June 26, total unemployment spending is down by an astonishing 90 percent.²³ For example, in the last week of the unemployment bonus, nearly \$26 million was spent on unemployment benefits.²⁴ In the most recent week ending July 10, that spending had declined to just \$2.5 million.²⁵

AFTER ENDING THE UNEMPLOYMENT BONUS

Total unemployment spending before and after the bonus ended

Week ending
June 26, 2021



\$25.9 MILLION

Week ending
July 10, 2021



\$2.5 MILLION

Source: Arkansas Division of Workforce Services

This is an incredibly important signal for the Arkansas economy. Less spending on unemployment benefits will mean a healthier trust fund, less of a burden on Arkansas employers, and more resources preserved for those in need of assistance.

THE BOTTOM LINE:

Arkansas is showing the country how to move Americans off the sidelines and back to work.

By all standards and metrics, Governor Hutchinson's decision to end the unemployment bonus and other pandemic-related unemployment programs has been a striking success. More Arkansans are registering as job seekers, thousands of jobs are being filled at businesses that have been struggling to find workers, and unemployment system costs have experienced a sharp decline.

Arkansas is a true success story of how ending unnecessary, dependency-creating government bonus programs is the right choice—especially when there are a record number of open jobs.

Now, their economy is on the rise and Arkansas is showing the rest of the country, once again, how to move Americans off the sidelines and back to work.



Arkansas is a true success story of how ending unnecessary, dependency-creating government bonus programs is the right choice.



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