

JANUARY 25, 2022



How Mississippi Kicked Its Economic Comeback Into Overdrive by Ending Expanded Unemployment Benefits

Jonathan Bain
Senior Research Fellow

Hayden Dublois
Deputy Research Director

KEY FINDINGS



IN EARLY 2021, MISSISSIPPI WAS FACING THE WORST LABOR SHORTAGE IN STATE HISTORY AND FEDERAL UNEMPLOYMENT BENEFIT EXPANSIONS WERE PAYING PEOPLE TO STAY HOME RATHER THAN RETURN TO WORK.



GOVERNOR TATE REEVES WAS ONE OF THE FIRST GOVERNORS TO OPT OUT OF THE FEDERAL BONUS AND UNEMPLOYMENT EXPANSIONS, MONTHS BEFORE THEY WERE SET TO EXPIRE.



WHEN THE EXPANDED BENEFITS EXPIRED IN JUNE, MISSISSIPPI SAW THE LARGEST HIRING SPREE IN STATE HISTORY.



MISSISSIPPI BUSINESSES FILLED MORE THAN 300,000 OPEN JOBS AFTER THE BONUS AND EXPANSIONS ENDED.



UNEMPLOYMENT SPENDING DROPPED BY 97 PERCENT AFTER THE EXPANDED BENEFITS ENDED.

THE BOTTOM LINE:

GOV. REEVES'S LEADERSHIP JUMPSTARTED MISSISSIPPI'S ECONOMIC COMEBACK BY ENDING THE FEDERAL UNEMPLOYMENT BONUS AND EXPANSIONS.

Overview

In early 2021, Mississippi was facing the worst labor shortage in state history. By May, Mississippi businesses had more than 84,000 open jobs across the state—a record high at the time.¹ In fact, there were more open jobs than people looking for work.²⁻⁴ Meanwhile, nearly 80,000 Mississippians were still collecting unemployment benefits—more than 10 times as many as were on the program before the pandemic hit.⁵



IN MAY 2021, 80,000 MISSISSIPPIANS WERE STILL COLLECTING UNEMPLOYMENT BENEFITS.

One major cause: Federal unemployment expansions were paying people to stay home rather than to return to work.⁶⁻⁹ As a result of the unemployment bonus and other welfare expansions, individuals could collect more in taxpayer-funded benefits than the median Mississippian earned in wages at a full-time job.¹⁰



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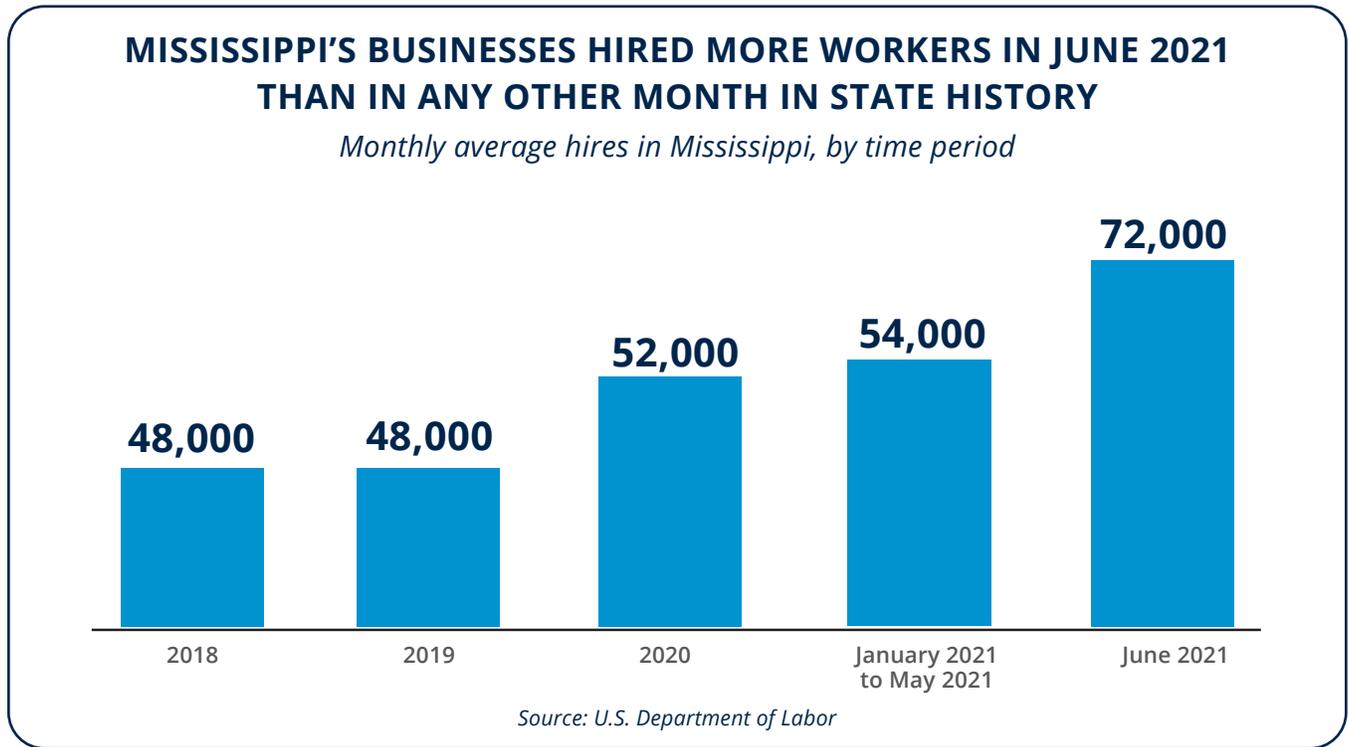
With unemployment benefits paying people to stay home, employers struggled to fill open positions. The service industry was hit the hardest, with one restaurant owner on the Mississippi coast explaining that “getting customers is no longer the issue. Now the problem is finding people who want to work.”¹¹

Faced with the worst labor shortage in state history, Mississippi’s leadership took swift action. On May 10, 2021, Governor Tate Reeves announced that the state was ending the federal unemployment bonus and expansions, becoming one of the first states in the nation to end these expansions early.¹²⁻¹³ As a result, the state’s economic comeback is well underway.

Mississippi Saw the Largest Hiring Spree in State History

Following Gov. Reeves’s announcement, work search activities immediately spiked throughout the state.¹⁴⁻¹⁶ And with more people looking for work, employers were finally able to start filling open positions. In fact, Mississippi businesses hired more than 72,000 workers in June alone—the largest hiring spree in state history.¹⁷ Better still, that hiring spree continued throughout the

summer and fall, with employers hiring more Mississippi workers between June and September than any other four-month period on record.¹⁸



Businesses Filled More Than 300,000 Open Jobs

Not only were employers finally able to fill open positions, but Mississippi businesses were also able to fill those positions far more quickly than before. Before Gov. Reeves’s announcement, Mississippi businesses were hiring just over 7,300 workers each week.¹⁹ In the four months after the unemployment expansions ended, employers filled nearly 11,500 jobs each week—hiring at a pace nearly 60 percent faster than before the announcement.²⁰



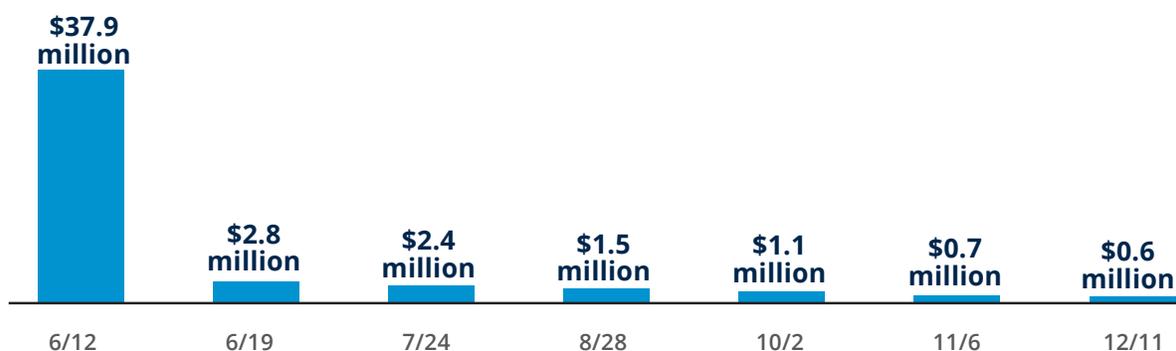
Altogether, Mississippi businesses filled more than 300,000 jobs since Gov. Reeves ended the federal bonus and unemployment expansions.²¹ These landmark achievements have led to more workers, booming businesses, and an economy that has been kicked into overdrive.

Unemployment Spending Dropped by 97 Percent After the Expanded Benefits Ended

When government benefits pay better than work, employers cannot find workers and taxpayers are left holding the bag. Before the federal expansions expired, taxpayers were paying roughly \$38 million for unemployment benefits each week.²² One week after the expanded benefits expired, these costs plummeted to just \$2.8 million.²³ By December, unemployment costs had fallen to less than \$600,000 per week—a drop of 97 percent since the expanded benefits expired.²⁴ Better still, Mississippi now has fewer people trapped on unemployment than at any point in state history.²⁵⁻²⁶

UNEMPLOYMENT COSTS HAVE DROPPED BY 97 PERCENT SINCE THE EXPANDED BENEFITS EXPIRED

Total unemployment spending in Mississippi, by week



Source: U.S. Department of Labor

Thanks to Gov. Reeves’s strong leadership and quick action, Mississippi’s economy is recovering at an all-time pace and taxpayers are reaping the benefits.

THE BOTTOM LINE: Gov. Reeves’s leadership jumpstarted the economic comeback by ending the federal unemployment bonus and expansions.

By ending the federal unemployment expansions ahead of schedule, Gov. Reeves set in motion an unprecedented chain of events. Business is finally booming again, with employers filling open jobs at the fastest rate in state history. Unemployment spending has also seen a tremendous drop.

As one of the first states to opt out of the federal bonus and expansions, Mississippi deserves credit for setting the stage for other states to follow suit, and for Congress to eventually end the expansions nationwide.

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15275 Collier Boulevard | Suite 201-279
Naples, Florida 34119
(239) 244-8808

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