

EXTRA UNEMPLOYMENT (UI) BENEFITS: MORE IS NOT NEEDED

Democrats want to increase extra UI benefits to \$400/week & extend through Aug 2021

- Extra UI benefits were intended to be temporary. Increasing and extending them is not warranted now that economy is recovering and vaccines are being distributed.
- In March 2020, Congress provided an extra \$600/week in UI benefits through July 2020. In Dec. 2020, Congress provided an extra \$300/week in UI benefits through mid-March 2021.
- The CARES Act's UI benefits were designed to address short-term mass unemployment caused by government-mandated business shutdowns.
 - In March 2020, in many places the government made it illegal to open a businesses and to go to work. In April 2020, unemployment hit 14.89%.
 - In many places, shutdowns have been eased and the economy is recovering. In Jan. 2021, the unemployment rate was 6.3%, only 2.8 points higher than pre-pandemic.
- During past economic downturns, Congress has not extended extra UI benefits at this stage in the recovery.
 - The longest-running UI provisions in the 2009 American Recovery and Reinvestment Act (ARRA) [expired](#) in Dec. 2013 when unemployment was at 6.7%.
 - ARRA's \$25/week extra UI benefit expired in Dec. 2010 when unemployment was at 9.4%.

Democrats claim that extra UI benefits are needed for the economy to recover

- Increasing and extending extra UI benefits creates a powerful disincentive for people to work and return to work that will slow the economic recovery.
- Economists at the Univ. of Chicago [estimated](#) that 68% of UI beneficiaries were paid more on UI than they were working as a result of the extra \$600/week in UI benefits.
- Another [study](#) from the Univ. of Chicago projects raising extra UI benefits to \$400/week—as Democrats want—would cause as many as 55% of UI beneficiaries to make more on UI than they were working.
- Businesses experienced difficulties hiring and rehiring workers as a result of the extra \$600/week in UI benefits provided by the CARES Act.
- These difficulties have been documented by the Fed's Beige [book](#) and NFIB [surveys](#).
- For example, NFIB found that 32% of surveyed businesses reported that the extra \$600/week made it more difficult to hire or rehire.